National Restaurant Association

Vol. 4 ☐ No. 9 ☐ October 1984

NRA NEWS

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NRA MEETINGS

Seminars

American Regional Cookery
10/24 Hyde Park, NY

Simplified Baking Workshop
10/23 Albany, NY
12/5 Las Vegas, NV

Off-Premise Catering
11/12–13 New Orleans, LA
11/26–27 Los Angeles, CA

Perfecting Your Culinary Skills
11/7 Harrisburg, PA
11/15 Madison, WI
12/4 Las Vegas, NV

Dining Room Management
10/25 Tucson, AZ
11/5 Charleston, WV
11/8 Baltimore, MD
11/14 Boston, MA
11/29 Concord, NH

Food Cost Management
10/22 Shreveport, LA
11/26 Nashville, TN
11/29 Seattle, WA

Kitchen Management
11/13 Savannah, GA
12/3 Jacksonville, FL
12/10 Austin, TX
12/12 Baton Rouge, LA

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11/5 Los Angeles, CA

Advanced Labor Cost Management
11/6 Los Angeles, CA

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11/13–14 Detroit, MI
12/4–5 Las Vegas, NV
12/11–12 San Francisco, CA

Menu Development
11/27 Charleston, SC
12/5 Las Vegas, NV

Creative Merchandising Techniques
10/27 Wichita, KS
11/12 Philadelphia, PA

Opening a Restaurant: Before You Start Cooking . . .
11/13 Wilmington, DE
11/26 Orlando, FL
11/28 New Orleans, LA

Operational Analysis
11/7–8 San Diego, CA
11/12–13 Lexington, KY

The Pantry: Prep for Profit
10/30 Des Moines, IA
11/1 Chicago, IL
12/4 Houston, TX

Foodservice Productivity
11/26 Cincinnati, OH
12/11 Baltimore, MD

Soups and Sauces
11/12 Washington, DC
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12/12 San Francisco, CA

Basic Supervision in Foodservice
11/13 Princeton, NJ
12/4 Las Vegas, NV

Tools for Training
10/22 King of Prussia, PA
10/24 Lansing, MI
11/12 Raleigh, NC
11/27 Burlington, VT

Hospitality Workshops:
10/29–30 **Full Service** Denver, CO
10/31–11/1 **Fast Food** Denver, CO
11/7–8 **Cafeteria** Los Angeles, CA

Conferences:
10/28–31 **National Conference on Off-Premise Catering** Washington, DC
1/27–30/85 **National Management Conference for Independent Operators** New Orleans, LA

For more information, contact

NRA Education Programs
311 First Street, N.W.
Washington, DC 20001
(800) 424-5156 or
(202) 638-6100

INFORMATION ON IN-HOUSE PROGRAMS AVAILABLE UPON REQUEST

STUDY GROUP MEETINGS

Quality Assurance
October 31–November 2 San Antonio, TX

MAECO
November 28 Denver, CO

Safety Officers
January Miami, FL

For more information on specific study groups, contact Philip Kralovec, (312) 853-2525.

NRA NEWS
Vol. 4 No. 9 October 1984

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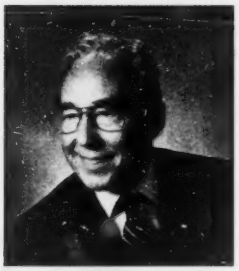
PRESIDENT'S REPORT



Harris O. Machus
President and Owner
Harris O. Machus Enterprises, Inc.
Birmingham, Michigan

Your Board talks to Congress

There has been considerable activity within the NRA during the last month on all NRA programs. Your Board of Directors met in Washington, DC, both to make contact with key political leaders and to receive progress reports on association projects and programs.

During a series of committee meetings, Board members exchanged views with Sen. Dan Quayle (R-IN), Rep. Richard A. Gephardt (D-MO) and Rep. Guy Vander Jagt (R-MI), each of whom addressed the Board at different times. One hundred eighty seven senators and representatives attended NRA's Second Annual "Chef d'Oeuvre" reception held in the Cannon Caucus Room of the Cannon House Office Building, where they were greeted by the Board. Over the finest hors d'oeuvres Congress has ever been served, we talked to them about the issues we are facing as an industry. We are particularly grateful to those Washington-based restaurateurs who provided their products and services for the NRA congressional reception. This reception is the "talk of Congress" we have been told, and it is now an anticipated annual event by your representatives and senators. For coverage of the reception, see this month's ***NRA NEWS*** Board Room.

NRA researches political issues

To prepare for issues expected to arise in the 99th Congress, the Board has directed the NRA research staff to proceed with two studies. The first is a pilot study to determine if tipped employees in foodservice earn wages, including tips, that are comparable to workers in other service industries.

The study involves collecting and analyzing data on combining gross hourly wages and reported tips. This information will aid in supporting NRA's position on issues such as the federal minimum wage and the tip credit.

The second study concerns the business meal tax deduction. NRA has retained a leading economic research firm to analyze the effect on the foodservice industry of partial or total elimination of the tax deductibility for business meals.

The study will also investigate the secondary ramifications on the total U.S. economy and on the revenues of federal, state and local governments. We hope to avoid another attempt to reduce the business meal deduction, but if it comes, NRA will present a strong case based on concrete data for preserving the deductibility.

Escalating levels of debate related to sulfiting agents are now occurring. You may remember that in February 1983 NRA recommended that members stop using "fresheners" containing sulfiting agents. Unfortunately, these substances are present in some of the foods purchased from suppliers. Since February, four deaths have been linked to consumption of sulfite foods—usually potatoes or salads—in foodservice outlets.

FDA calls for menu labeling

A few weeks ago, the Food and Drug Administration (FDA) wrote NRA requesting assistance in developing signs and menu labels to warn customers about the possible presence of sulfites in food served in restaurants.

Although NRA agreed to meet and discuss this issue, we also repeated and underscored our position on this matter. We stated that, if sulfites pose a health hazard to a significant segment of the population, they should be banned outright. If the number of adversely affected people is so insignificant as to not warrant a ban, then the problem should be handled through the medical community, wherein asthma sufferers could receive advice and instruction from their physicians.

Menu labeling—as you know—is not the answer. Signs or labels can frighten customers who have no need for concern, and labeling would offer insufficient information to those persons who should be concerned.

We will keep you posted on the latest developments as they occur.

Doctors distribute NRA sulfite information

In the meantime, NRA has been mindful of customer safety. Working with the American College of Allergists, NRA has developed a brochure that warns asthmatics about the possible dangers of sulfiting agents.

This literature advises asthma patients to ask restaurant managers if sulfites are present in specific menu items. If the answer is "yes" or "we don't know," the leaflet suggests that only fresh meat, chicken, cheese or egg items—commodities which are never sulfited—be ordered and consumed. These brochures will be distributed by physicians to their asthmatic patients.

Each NRA member company has received a copy so that you can be prepared to answer inquiries from customers. Even though you may not add sulfiting agents in your on-site preparation, your purchases from suppliers may contain them. If you are not certain that your offerings are sulfite-free, check with your supplier to get a definitive answer.

This is an extremely important matter. If you need further information, call the NRA hotline: (800) 424-5156. Our staff will be glad to discuss the situation with you.

During the past month, 153 members joined NRA. I welcome you to the most prestigious foodservice trade association in the world. Your participation in NRA will make your business grow and make the association more effective in its endeavors on your behalf. We're glad to have you with us.

Sincerely,

Harris

Harris O. Machus
President and Chairman of the Board

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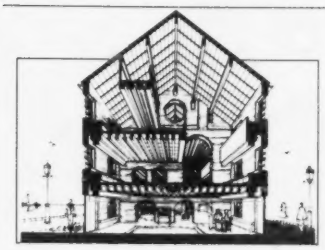

From one coast to another, in large cities and small towns, restaurateurs are giving new life to old structures. They are restoring historical buildings and reopening them as restaurants. It is an effort that does not receive much public recognition. But it should. Operators are not only preserving a part of America's past; they also are spearheading economic revivals for rundown neighborhoods. In this issue, ***NRA NEWS*** pays tribute to these efforts by highlighting a few ventures. It also points out that restaurateurs, too, stand to benefit from preservation projects.

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SHORT ORDERS

Responding to unionization efforts

The point is frequently made that getting involved with a labor union is much like a marriage. It's a lot easier to get into than to get out of. If you are non-union and concerned about union organizing activities, there are important things you should know. There are steps you should be taking, and there are things you definitely should not be doing. With this need in mind, the NRA law department has arranged for the preparation and publication of a new 32-page booklet entitled "Responding to Unionization Efforts."

It approaches the subject by examining the four stages leading to unionization:

Stage I: Prevention: positive employee relations. Your restaurant is operating without any union interest in or effort to organize your employees. While everything is quiet now, without realizing it, you may be creating negative working conditions and a breeding ground for unionism. Moreover, the quiet may lull you into inaction and prevent you from taking a few practical and easy steps which would solve work place problems while showing your employees that a union is not necessary.

Stage II: What to do at the first interest in or talk about a union. A look at early warning signals and what you should do to make certain that you recognize them.

Stage III: You are faced with a full-scale union effort to organize your work force. How should you react? What should you do? What should you not do?

Stage IV: Despite all your efforts, the union-organizing effort has met with surprising support. The union claims to have a "showing of interest." It demands that you recognize the union as the sole collective bargaining representative of your employees and/or the union files a petition with the National Labor Relations Board (NLRB) seeking an election. As in any other election, your employees are entitled to hear from both sides, and there is no reason for you to lose. What is to be done?

To order . . .

Copies of this publication are available for $5 (plus $2 for shipping and handling.) DC residents add 6 percent sales tax. Illinois residents add 7 percent sales tax. Chicago residents add an additional one percent—for a sales tax total of 8 percent.

To order, contact the National Restaurant Association, 311 First St., N.W., Washington, DC 20001 or call (800) 424-5156. Payment must accompany all orders. Credit card telephone orders are accepted. Please specify number MG-420 when placing your order.

NRA convention promotion nets $1,200 for food depository

A successful "Do You Know Me" promotion, conducted by American Express at the NRA Show in Chicago, netted $1,200 for the Greater Chicago Food Depository.

The promotion attracted more than 200 participants during the Show. For a $5 contribution, convention goers were offered a caricature portrait of themselves on drawing paper headlined, "Do You Know Me?" Students from Chicago's American Academy of Arts drew the caricatures.

The Greater Chicago Food Depository, the promotion's beneficiary, was founded in 1979 to feed hungry people by distributing surplus and salvaged food products donated through the food industry. Last year the organization distributed more than 11 million pounds of food to 500,000 needy individuals.

NRA member implements Hospitality Project

Country Cupboard, Inc., Lewisburg, PA-based company has obtained certification from NRA for successfully completing its new Hospitality Project and implementing the hospitality program in all aspects of its foodservice operations. NRA's Hospitality Project provides restaurant operators and their staffs with measurable standards for quality service.

Linda L. Keefer assumed the position of project coordinator, overseeing the training of management and staff as well as project implementation. The corporation successfully completed all staff, management, project coordinator and restaurant certification steps as well as the Hospitality Project Self-Auditing Checklist in six months.

Country Cupboard, Inc., has been in business since 1973. Its restaurant seats 600 and is accompanied by a retail loop consisting of a bakery, delicatessen, garden center and gift shop.

Small firms provide the jobs

Small firms with under 100 employees accounted for *all* new jobs during the 1980-82 recession, according to a recent Small Business Administration (SBA) study.

During the recession, small business created 2.6 million jobs, offsetting the 1.6 million jobs lost by large firms with more than 100 employees.

Service industries showed the fastest growth during this period—52 percent of the total employment increases. Small firms with less than 100 employees contributed 89.6 percent of this growth.

WASHINGTON REPORT

Organized crime in HEREIU

Organized crime has "substantial influence" over the activities of the Hotel Employees and Restaurant Employees International Union (HEREIU), the Senate Permanent Subcommittee on Investigations has concluded after a three-year investigation.

HEREIU is the largest union representing foodservice employees, and it has about 400,000 members nationwide.

According to the subcommittee, organized crime has controlled or now controls union locals in Chicago, IL; Atlantic City, NJ; Las Vegas, NV; and San Diego, CA.

The subcommittee uncovered a pattern of corruption and incompetence in the union's management, and it reported that the International Union payroll has been "padded with associates, relatives and cronies of top HEREIU officers and persons associated with organized crime."

Subcommittee investigators found that the dental plans of several locals are the source of kickbacks to organized crime, and it characterized the union's prepaid medical plans as a "magnet for criminal schemes."

During the investigation, 34 union officers invoked the Fifth Amendment when questioned about illegal practices. These officials should resign or be removed from office, the subcommittee said, since their refusal to cooperate indicates a "violation of their fiduciary responsibilities."

The subcommittee also recommended tighter reporting and disclosure of union activities. And it said the House of Representatives should pass the Labor-Management Racketeering Act, which has already been approved by the Senate.

How to become a delegate to the small business conference

Your congressman and senators will have a say in who is selected as a delegate to the second White House Conference on Small Business.

Contact them if you would like to represent your state at the conference.

State and regional sessions will precede the event, which will be held sometime between Jan. 1, 1985, and Sept. 1, 1985.

The first conference was held in 1980 and attracted some 25,000 small business participants.

NRA members were active in the conference, which developed recommendations for executive and legislative action on small business issues.

Raise draft age to 21, says Obey

Irritated by Congress' move to raise the drinking age to 21, U.S. Rep. David Obey (D-WI) has introduced a bill (H.R. 6137) that would raise the draft registration age to 21.

The bill would make the draft age 21 as long as the recently-enacted drinking age measure remains in effect.

Legislation signed by President Reagan in July requires the states to raise their minimum purchasing age to 21 within two years or risk loss of federal highway funds.

Said Obey of his bill, "I find it absurd to tell people that they are old enough to pick up a gun and carry it for this country, but if they are married and are sitting in the privacy of their own home, that they should not be allowed to have a glass of wine."

Pressure against telephone access charges

There is pressure on Congress to exempt small businesses from new $6.00 telephone access charges.

The FCC rule, which went into effect this summer, requires businesses with more than one telephone line to pay a flat monthly access charge of $6.00 per line for long-distance service.

FCC contends that the new charges will be offset by future long-distance rate reductions.

But small firms use the telephone almost exclusively for local calls and won't benefit from these reductions, the National Federation of Independent Business (NFIB) said in a petition filed with FCC.

NFIB also said 60 percent of its members have more than one telephone line.

NRA may join NFIB in seeking an exemption for small businesses with more than one telephone line.

If you believe your business is adversely affected by the new rule, write NRA's Government Affairs Department at 311 First St., N.W., Washington, DC 20001.

Watch that imitation cheese

"Hold the imitation cheese, please!"

The United States Department of Agriculture (USDA) reports an unprecedented response to its proposal that every frozen meat pizza contain at least 12 percent cheese topping, with no less than half of that being *real* cheese.

USDA has also proposed clearer package labels so

consumers will know when they are getting imitation cheese.

The Food Safety and Inspection Branch has received about 5,500 public comments on the proposals—1,500 more than it received in 1982 when it proposed controversial changes to beef grading standards, standards that were successfully opposed by NRA.

Federal Excise Tax on spirits to rise

As a result of the new tax bill enacted in July, the Federal Excise Tax (FET) on distilled spirits will go up by $2 a proof-gallon, beginning Oct. 1, 1985.

The tax will rise from $10.50 a gallon to $12.50 a gallon (100 proof).

There will also be a one-time tax on liquor inventory. Stock on hand as of Oct. 1, 1985, will be subject to the $2-a-gallon increase if there are more than 400 proof-gallons of distilled spirits on the premises. Operators will be required to take an inventory on Oct. 1, 1985.

The charts below will help you figure out the price increase. Chart A gives the FET increase by container size and proof. For example, for 20 cases of 80-proof whiskey in 750-ml. bottles, you take the $3.74 figure from Chart A and multiply by 20 to get $74.80—the added FET tax.

For 40 cases of 86-proof scotch in fifth bottles, multiply 40 by $4.12 to get $164.80—the total added FET tax.

Total inventory (in gallons) can be determined by using Chart B, which converts fifths, quarts, milliliters and liters to gallons. Proof-gallons are determined by multiplying gallons by proof/100. For example, 40 gallons of 86-proof liquor (40 × .86) equals 34.4 proof-gallons.

Remember, holders of less than 400 proof-gallons are not subject to the one-time tax on inventory. Those subject to the tax will receive a tax credit of $800—the amount of tax on the first 400 proof-gallons.

—Jay Morris

Chart A

Federal excise tax increase per case

Measure	Proof 80	86	90	94	100	110
Fifths	$3.84	$4.12	$4.32	$4.52	$4.80	$5.28
Quarts, ½ gals.	$4.80	$5.16	$5.40	$5.64	$6.00	$6.60
200 ml.	$4.00	$4.30	$4.50	$4.70	$5.00	$5.50
500 ml., 1 liter	$5.00	$5.36	$5.62	$5.86	$6.24	$6.86
375 ml., 750 ml.	$3.74	$4.02	$4.22	$4.40	$4.68	$5.14
1.75 liter	$4.36	$4.70	$4.92	$5.14	$5.46	$6.00

Chart B

Cases converted to gallons

One case	of	12 qt. bottles	=	3.00 gallons
One case	of	12 fifth bottles	=	2.40 gallons
One case	of	6 half-gallon bottles	=	3.00 gallons
One case	of	12 750-ml. bottles	=	2.34 gallons
One case	of	12 1-liter bottles	=	3.12 gallons
One case	of	6 1.75-liter bottles	=	2.73 gallons
One case	of	24 375-ml. bottles	=	2.34 gallons
One case	of	24 500-ml. bottles	=	3.12 gallons
One case	of	48 200-ml. bottles	=	2.50 gallons

32 states support balanced budget amendment

Should Uncle Sam be allowed to continue spending more than he makes?

Thirty-two states have answered an emphatic no. Their citizens have passed resolutions demanding that Congress convene a constitutional convention and adopt an amendment requiring a balanced federal budget.

If just two more states join this growing movement, the U.S. may have its first convention since the founding fathers met to frame the U.S. Constitution in 1787.

Most state petitions contain a delayed action mechanism that would give Congress a chance to adopt a balanced budget amendment on its own.

But Congress is understandably reluctant to tackle the issue. With annual budget deficits projected in the $200 billion range for the rest of this decade, few in Washington see how Congress can possibly balance the budget without enacting massive spending cuts or tax increases—political suicide, regardless of which option taken.

President Reagan and conservative Republicans have pressed for the amendment, but they have not said how they would balance the budget if the amendment were enacted.

Democrats, by and large, have rejected the notion of a balanced budget amendment as an "artificial and rigid restraint."

Whether Congress or the states by convention draw up a balanced budget amendment, it must be ratified by 38 states before it can become a part of the Constitution.

STATE DEPARTMENT

Illinois Restaurant Association fights meals tax

The Illinois Restaurant Association (IRA) is up in arms about the Illinois meals tax, also referred to as the Illinois food tax. IRA President Andrew Kelley testified before the Illinois state legislature earlier this year, advocating the repeal of the tax, which he called "inequitable" and "unfair."

IRA has, in fact, been working for years to convince the legislature that the Illinois food tax constitutes "bad public policy" and that it should be repealed. As an essential component of life, IRA reasons, food should be assigned a tax-exempt status.

Prior to the beginning of the year, IRA had pursued repeal of the tax as it applied to the sale of food both in grocery stores and in foodservice facilities. On January 1, however, the association was forced to revise its strategy. Legislation became effective which rescinded the sales tax exclusively on food purchased in grocery stores.

Half of the battle was won? Not according to IRA. The association's position is that a partial repeal of the food tax is worse than no repeal at all.

By not taxing food sold in grocery stores while levying the tax on food sold for on-premise consumption, Illinois imposes an additional premium on meals sought by the dining-out public. Foodservice operators are, therefore, confronted with a five percent competitive disadvantage—the current rate of taxation.

IRA further contends that the tax penalizes those who can least afford the extra expense—the elderly, single heads of households, working couples and students. These individuals depend on foodservice meals. In fact, IRA statistics show that fully 83 percent of meals consumed outside of the home are *necessary* while less than 16 percent can be considered a *luxury*.

IRA is also concerned that the tax is imposing a "service tax" on meals purchased by the Illinois consumer. The association is mounting a class action suit on behalf of the Illinois consumer to seek judicial review of the tax. If it is determined that the tax is indeed a service tax, the measure will be inherently unconstitutional because service taxes are prohibited by the Illinois constitution.

Not the first battle . . .

The fight to repeal the tax is not the first time IRA has sought to protect Illinois operators. Earlier this year the Cook County General Assembly attempted to increase the sales tax on out-of-home meals in Cook County to nine and one-half percent in order to fund an expansion of the McCormick Place Convention Center.

With no prior warning the tax was attached to an otherwise inconsequential amendment. IRA learned of the rider and launched a full-scale campaign calling for defeat of the increase. Because the proposed tax represented a 35 percent increase in the Cook County foodservice tax, the association organized its largest legislative campaign in over a decade. A telephone marathon, generating 1,200 to 1,500 calls and telegrams from foodservice operators, convinced legislators to table the amendment.

Although this battle was won, the war continues. IRA's Board of Directors has taken an historical step by voting to launch a three year, $150,000 legislative campaign to repeal *all* discriminatory food taxes.

The first move to attain economic justice for the foodservice industry is HB2518, supported by IRA and sponsored by state representative John Cullerton. This bill is designed to phase out, over a three-year period, Illinois taxes on food for on-premise consumption.

To encourage passage of HB2518 IRA is urging Illinois foodservice operators to: (1) continue contacting state legislators and voicing opposition to the meals tax; (2) encourage staff and patrons to advise their state senators and representatives to support HB 2518 and (3) contribute to the IRA Tax Legislative Fund.

Not the only state . . .

Illinois is only one of more than 30 states where meals are taxed. According to Mr. Kelly, "State associations, with the help of local members and the national multi-unit chain operations, can reverse this tide . . . and reduce food taxes by at least 50 million dollars per year."

—Shannon Tuel

State associations promote restaurant hospitality month

As a salute to the foodservice industry, restaurant associations across the nation are recognizing October as "Restaurant Hospitality Month."

Realizing the crucial role that restaurants play in today's society, October was chosen to draw attention to the quality, variety and economic effect of the United States foodservice industry. In fact, the nation's foodservice industry sales are projected to reach $162.8 billion in 1984, making foodservice third in the nation in terms of retail sales and accounting for fully five percent of the Gross National Product.

To highlight this growing, dynamic industry, the Wisconsin Restaurant Association, for example, has provided a variety of made-for-radio and television news spots, such as: "Your schedule is hectic, with no time to prepare a family dinner. Well, relax! Dine out or carry out at one of your fine area restaurants. October is Restaurant Month, and area restaurants are eager to ease that hectic schedule!"

Similarly, the Texas Restaurant Association has been busy providing news releases emphasizing industry statistics, history and sales opportunities. And, in Michigan, media spots highlight the $138,275 in educational grants that the Michigan Restaurant Association has provided over the past eight years to young people entering foodservice schools.

THE BOARD ROOM

Sichuan Garden was one of Washington's 12 premier restaurants participating in the reception.

Rep. Gerald Kleczka (D-WI), right, enjoys the reception with NRA President and Chairman of the Board Harris Machus and his wife Elaine.

Sen. Arlen Specter (R-PA), center, conferred with NRA Past President Walter Conti, right, and NRA Executive Vice President Bill Fisher.

NRA Board hosts reception on Capitol Hill

Chef d'Oeuvre, the National Restaurant Association's second annual Capitol Hill reception, demonstrated NRA's hospitality to more than 180 members of Congress. Hosted by the association's Board of Directors during its fall meeting in Washington, DC, the September 18 reception provided NRA's governing body with an opportunity to meet informally with members of the Senate and House of Representatives.

"As the number of legislative issues confronting the foodservice industry continues to increase, it is imperative that we maintain a high degree of visibility among our lawmakers. This reception provided one very effective method," explained Jim Peterson, CEO of Whataburger, Inc., Corpus Christi, TX, and chairman of NRA's Government Relations Committee.

"By Washington standards, any event attended by more than 100 members of Congress is considered a success," stated Ron Sarasin, NRA staff director of government relations. Chef d'Oeuvre drew 189 senators and congressmen from 43 states. Guests ranged from House Budget Committee Chairman Jim Jones (D-OK) to Senate Labor Committee Chairman Orrin Hatch (R-UT). Rep. William Broomfield (R-MI), in a thank you note to NRA Executive Vice President Bill Fisher, wrote, "It was a lovely affair. It was nice to have an opportunity to meet many of your association members." Rep. Dan Coats (R-IN) wrote, "The Chef d'Oeuvre reception was just outstanding. . . . I truly hope it is a tradition. I wouldn't miss it for anything."

Twelve of Washington's premier restaurants (see box) donated their time and specialties, making the reception a culinary success as well. Two of the many outstanding dishes included La Maree's Gateau Delice—alternate layers of genoise cake and whip cream combined with chocolate, praline sauce and vanilla—and The Jockey Club's Salmon Mousse (recipe below).

NRA Past President Patrick O'Malley, left, spent time talking with Rep. Frank Annunzio (D-IL).

Elaine Machus along with her husband NRA President and Chairman of the Board Harris Machus, center, welcome Rep. Judd Gregg (R-NH) to the reception.

Participating restaurants

The Prime Rib—Herring Salade
Maison Blanche—Poulet Diplomate
Tiberio Restorante—Agnolotti and Fried mozzarella
Morton's—Filet mignon
Sichuan Gardens—Presentation dish: Wing Flapping of Eagle
American Harvest—Lobster Tortellini
Four Ways—Seafood Terrine
Jean Louis—Assorted desserts
Germaine's—Spring rolls, Szechuan Chicken Salad
Clydes—Raw bar
The Jockey Club—Salmon Mousse with Truffles
La Maree—Gateau Delice

NRA Vice President Ted Balestreri, left, greets Rep. Norman Lent (R-NY).

Salmon Mousse with Truffles, Basil and Salipicon of Lobster

2 pounds salmon, freshly cleaned
3 cups heavy cream
1 cup whipping cream, beaten to a soft peak
1 egg
¼ cup cognac
2 egg whites
salt and pepper to taste
1 tablespoon Lea & Perrins sauce
1 teaspoon Tabasco sauce
½ teaspoon nutmeg
2 tablespoons shallots
fish fumet
parchment

Garnish
¼ cup chopped truffles
1 cup chopped lobster meat (precooked and finely chopped)
¼ cup minced basil

Grind salmon with shallots, 3 tablespoons salt, 1½ tablespoons white pepper, nutmeg and cognac through fine die. Refrigerate mixture and chill the food processor for three hours.

Puree salmon mix in processor, stopping and wiping down sides after one minute.

Add 1 egg and 2 egg whites. Process until smooth. Then slowly add 3 cups of cream. When incorporated, move to stainless steel bowl.

Fold in Lea and Perrins sauce, Tabasco sauce and the garnish. Then fold in 1 cup of whipped cream. Test mousse for seasoning. Add salt and pepper to taste.

Roll mousse in parchment. Tie ends and poach in barely simmering fish fumet. When internal temperature is 140 degrees, remove from fire and let sit overnight in fumet. Serve with a fresh basil mayonnaise and with creme fraiche.

The dangers of drinking and driving are generating public concern. Dram shop laws are being enforced more and more frequently, and special interest groups are applying pressure at federal, state and local levels for sweeping legislation to combat the problem. In Massachusetts, for example, two cities banned outright all promotions that encourage drinking, and there may be public hearings on the possibility of a state-wide ban. In response to the concerns of their customers, restaurateurs nationwide are taking action by developing alcohol awareness programs in their establishments. Here is a look at what they are doing.

DRUNK DRIVING

The Industry Takes the Offensive

by Anne Papa

"Our industry is under fire," says Eugene Sage, co-owner of four upscale establishments in the Chicago, IL, area. "Every other segment of the licensed beverage industry has taken a stand against drunk driving. It's time for us to do the same."

Restaurateurs are taking a "stand" by implementing alcohol awareness programs in their own establishments. The message they are communicating to their patrons is not offensive. It is not threatening. It does not violate the hospitable premise upon which the industry is based. The message is quite simply: Please drink responsibly. We care about your welfare.

This stand often requires a two-pronged approach: efforts to increase customer awareness and an emphasis on employee training and education.

I. Increasing customer awareness

The challenge for the operator is to promote socializing without overindulgence and, if possible, to provide safe transportation home for those patrons who have drunk one too many. Restaurateurs have met this challenge with creative promotions and in-house programs.

3-D Star
TREATMENT INCLUDES
★ OFFICIAL 3-D BADGE
★ 1 FREE NON-ALCOHOLIC MOCKTAIL
★ FREE SOFT BEVERAGES
★ $5.00 3-D STAR BOND FOR YOUR NEXT VISIT

Discount promotions, such as "two-for-one's" or "dollar pitcher night," can be replaced by promotional ideas which focus on atmosphere and entertainment. Theme nights—costume parties, ethnic festivals, holiday celebrations—are popular with customers and employees alike. Unexpected variations on a theme keep things exciting. One suggestion, for instance, is to sponsor an Irish Stew Cook-Off on St. Patrick's Day. The competition, the food and the Irish costumes worn by all employees can be so engaging that the absence of discount liquor promotions won't even be noticed.

Even during the happy hour a comfortable combination of good food, good company *and* good drink will draw business, eliminating the need for two-for-ones, half-price drinks and similar specials.

"Our cocktail hour is distinguished by our hors d'oeuvres," says Eugene Sage of Sage's restaurants. "We've discontinued all alcohol promotions and have felt no decline in our business. Our food and our atmosphere create a natural draw."

Weekdays at five p.m. at each Sage's location, buffet tables are set up and piled with free munchies. A typical day's selection includes three hot hors d'oeuvres—barbecued ribs, chicken wings, cheese toast—a fruit and cheese platter, and an assortment of dips. Servers fill small plates for each guest, so everyone has food in front of them at all times.

Because food consumed in conjunction with alcohol slows the intoxication process, Sage's restaurants continue to provide complimentary peanuts and pretzels throughout the evening. Extra cheese and dip platters are brought out each night, one half hour before closing time.

Sage's servers are also firmly instructed to make sure a customer's drink is finished before serving another, and to serve all straight drinks with water on the side.

In general, policy changes, such as elimination of discount drink promotions during happy hour, have met with customer acceptance—even appreciation. Some restaurateurs find that customers prefer the choice of how much they consume.

"Our sales are definitely up," boasts Eugene Sage. "People come to our restaurants more because they know they are safe. The police no longer patrol the highways in front of our restaurants, because they know we're in control of the situation. In fact, the city of Arlington Heights, IL, where one Sage's is located, recently awarded us a plaque of commendation for our program."

At Gilbert/Robinson establishments (47 Houlihan's Old Places and 15 additional dinner houses across the country) where happy hour drink specials have been discontinued in most locations, liquor sales have remained stable while food sales have increased. "Food sales are up because business is up," says Herb Jenkins, director of advertising for Gilbert/Robinson. "We're finding that by using diplomacy in dealing with customers, we can control the alcohol situation without offending or driving anyone away. People think it's great that we're acting on the problem. We've gotten a tremendous amount of press out of it, and public acknowledgement from MADD (Mothers Against Drunk Driving) and other local organizations."

Visual aids . . .

In addition to helping slow down the intoxication process with food items, many restaurateurs use signs,

YOU MAY WANT TO CALL ME A [illegible], BUT I'D LIKE TO CALL YOU A CAB.
Have a cup of coffee on us, and if you'd like, we'll call you a cab.
IF YOU FEEL THIS GOOD, YOU MUST NEED A CAB!
Have a cup of coffee on us, and if you'd like, we'll call you a cab.

table tents, posters, badges and other visual aids to get the alcohol awareness message across. Many use slogans to cleverly discourage overindulgence. Examples include NRA's "Know Your Limit," Licensed Beverage Information Council's (LBIC) "Friends Don't Let Friends Drive Drunk" and Anheuser-Busch's "Know When to Say When."

Large plexiglass signs that read "Don't Let Your Friends Drive Drunk" hang behind the bar in all Gilbert/Robinson restaurants. To augment the campaign, a three-dimensional poster will be added in the fall.

"The new poster will be mounted on a table in the lounge an hour before closing time," explains Jenkins. Complementing the poster, which says, "Don't Drive Drunk—Take the Time to Have a Cup of Coffee, or Let Us Call a Cab for You," will be the table itself, set up with coffee cups, cream and sugar. "If it's right in front of them, people will be more inclined to take advantage of it," adds Jenkins.

Restaurateurs also find the BAC (Blood Alcohol Content) charts, which match a person's body weight with the number of drinks necessary to impair driving ability, are attention-getters, especially when placed strategically in rest rooms.

Designated driver programs . . .

Some restaurateurs have gone one step further and have implemented programs designed specifically to reduce drunk driving. Designated driver programs, for instance, encourage customer participation and responsible drinking at the same time.

Grand American Fare of Santa Monica, CA, which operates 33 restaurant/saloons in the West and Midwest, instituted an "I'm Driving Club" this past June in 24 of its establishments. "The Club member is the individual who will drive the others in his or her group home," explains Rick Clark, director of marketing for Grand American Fare. "He or she is given a button, a membership card and free soft drinks all evening." As an added incentive, the Club member receives a gift certificate entitling him or her to a free drink at the restaurant at a later date.

Clark says the program has been enthusiastically received, especially among younger customers. Since so many Grand American Fare locations are near college campuses, the company has promoted the program heavily to students through on-campus presentations and ads in school publications. "Kids will come in out of curiosity," says Clark, "and find out we've got a good thing going."

Raleigh, NC-based Darryl's 3-D (Darryl's Designated Driver) program also offers the 3-D badge wearer one complimentary, non-alcoholic cocktail. The "mock-tail"—typically an exotic, fruity concoction—is served at the beginning of the evening so that the designated driver may properly drink a toast with his companions. Posters and table tents promote the program, and servers wear badges proclaiming, "I can make you a 3-D Star."

George Burkhardt, president of the 32 Darryl's restaurants, agrees with Clark that the promotion is particu-

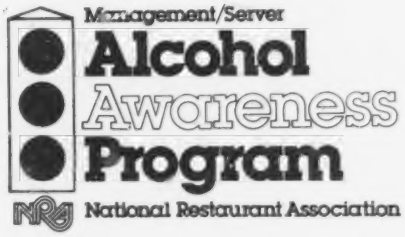
NRA's Alcohol Awareness Program

In response to concern among NRA members about drunk driving the National Restaurant Association has developed a comprehensive alcohol awareness program. The three-part program, introduced to members at the NRA Show in Chicago this May, emphasizes consumer education, employee education and in-house practices.

1. Consumer education. NRA is working closely with national organizations, such as MADD and the Licensed Beverage Information Council (LBIC), to alert the public to the dangers of drunk driving. The association has prepared a public service announcement to be aired on television and radio stations nationwide, and it is supplying members with posters and table tents for display in restaurants and taverns.

2. Employee education. NRA has prepared an in-depth seminar on alcohol beverage service. The seminar is conducted through state restaurant associations in a "train the trainer" format; representatives from each restaurant are taught the course content and the proper techniques of conducting a server alcohol awareness program on-site in their establishments. The seminar is also available through NRA's "Seminars To Go" series for in-house presentation to interested members.

Three audiovisual presentations highlight the three and one-half-hour seminar. The first



features an attorney who has often litigated against alcoholic beverage licensees in court, explaining what he looks for when making his case. The second instructs restaurant employees how to determine levels of intoxication, how to handle the intoxicated customer and how to keep the intoxicated customer from getting behind the wheel of a car. The final presentation offers tips for merchandising alcoholic beverages, using creative promotions which emphasize moderation.

Role playing, self testing and presentations by local or state law enforcement officials are also included in the seminar, and a packet documenting seminar topics is given to all attendees.

3. In-house practices. Various programs which the association advocates are described in a booklet contained in NRA's Drunk Driving Information Package. The booklet, entitled "Help Prevent Drunk Driving: A Restaurateur's Guide," outlines alternative transportation and designated driver programs, creative use of bar foods and alternatives to happy hour drink promotions. It also provides two case studies of establishments that have successfully implemented their own alcohol awareness programs.

For more information about NRA's Alcohol Awareness Program, call (202) 638-6100 or (800) 424-5156, or write: National Restaurant Association, 311 First St., N.W., Washington, DC 20001.

larly well received by younger customers. "It is regarded as a nice option," he says. "We're fairly low-key about the program. We're not trying to ram it down anyone's throat, but the tents and posters remind people it's available."

Providing alternate transportation . . .

From time to time, the occasional customer will end up getting drunk. At this point, the responsibility of the restaurateur is heightened, and all efforts should be made to discourage the patron from driving himself or herself home. Dram shop laws and/or common law liability in 40 states and the District of Columbia hold the liquor licensee liable for injuries caused by intoxicated persons. Additionally, in some states the individual server—bartender, waiter, or waitress—can also be held partially responsible. That is why some restaurants, such as Gilbert/Robinson establishments and Grand American Fare units, give their bartenders a stack of calling cards which can be quietly presented to guests who have had one too many. The message on these cards is "Let us call you a cab."

Other operators, like Casa Gallardo Restaurants, the General Mills chain of Mexican restaurants throughout the Midwest and Southeast, have developed an alternative transportation program for intoxicated customers, working with local cab companies in each restaurant location. Appropriately named "Casa Cares," Casa Gallardo's program is designed so the restaurant will pay the first $10 dollars of an intoxicated patron's cab ride home.

The program has not been needed much since its establishment in July, according to Dave Leonard, vice president, marketing. "At this point, it is supplementary to our usual practice of serving free coffee and hors d'oeuvres to intoxicated customers," he says. "But safety on the roads is our first concern. 'Casa Cares' was created specifically with that objective in mind."

Houston-based McFaddin Ventures, Inc., (MVI), which operates a total of 23 nightclubs (Confetti's, elan's, Todd's, The Acapulco Bar, Rodeo and Thrills), has installed a direct-dial hot line to the Yellow Cab Company in all of its locations. Patrons of restaurant employees simply pick up the phone and a cab is on its way, with MVI picking up the tab. Although the short-term costs of beginning the program have been high, the corporation feels the long-term rewards far outweigh the expense.

Restaurateurs in Arvada, CO, have pooled their financial and promotional resources to establish the "Super Shuttle Service," which transports intoxicated patrons from participating restaurants and taverns to their homes. A second driver follows the shuttle in the patron's car. Participants in the program have found that the expense to the individual restaurateur is minimal, while the return in

positive community relations is maximal.

II. The responsibility of the employee

The restaurant employee is a key contributor to the success or failure of any alcohol awareness program. While customers are encouraged to assume responsibility for themselves, the restaurant employee is often called upon to act as negotiator, mediator or arbitrator—roles he or she may not have considered when preparing to wait tables or tend bar.

Many organizations have developed training programs to help their employees cope with the drunk driving issue. Programs, such as NRA's Alcohol Awareness Program (see sidebar), are often designed as a "train the trainer" system, where an employee representative (usually a manager) is sent to a centrally-located seminar and then reports back to the rest of the staff what he or she has learned.

Additionally, many larger firms have developed their own in-house training programs. TGI Friday's, Inc., a 99-restaurant chain headquartered in Dallas, TX, is one such corporation.

Each new TGI Friday's employee undergoes an extensive three-week training program, three entire days of which are devoted to alcoholic beverage service. A team of company certified trainers teaches how to monitor alcohol consumption and follows through with period spot audits at all TGI Friday's locations to ensure strict adherence to company policies.

A particular incident demonstrates how seriously these audits are taken. "Recently a bartender allowed a customer to drink too much," recalls Will Hartfield, TGI Friday's associate general counsel. "Not only was the bartender fired, but the manager on duty also was suspended for not being on top of the situation. Our policy is quite simple. We don't want anyone getting drunk in our restaurants." Through a trained network of managers, bartenders and wait staff who regard control of alcohol consumption as a first priority, this policy is firmly enforced.

At the Great Escape, an upscale nightclub, lounge and restaurant in Weymouth, MA, owner Wade Federici combines in-depth employee training and customer awareness techniques. Along with a designated driver program, posters, badges and table tents, the Great Escape has become something of a local champion for the cause of employee education. In fact, the 450-capacity nightclub has been closed for business on occasion and used as an employee training ground. Area liquor licensees and Great Escape employees have attended the training sessions, conducted by a local university training consultant.

The Great Escape also invites community experts to address the staff. One evening a Weymouth policeman came in and had attendees drink in order to demonstrate how little alcohol is needed to get drunk. "A lot of people were surprised," says Federici. "The point was well made."

Developing a program . . .

Finally, it is up to each restaurateur to develop an alcohol awareness program best suited to his or her establishment. The clientele, short and long-term costs and rewards, current regulatory laws—all are factors that must be considered. In most cases, restaurateurs with successful programs did not arrive at them overnight; many tests, trials, starts and stops were necessary before settling on a specific approach.

Once established, however, an effective campaign is a positive reflection on both the individual establishment and the foodservice industry. It lessens the need for external legislation and, most importantly, it saves lives on the road. ❑

Materials available from suppliers

Major breweries and distilleries are aligning themselves with retailers and special interest groups in the campaign against drunk driving. Three in the forefront are the Miller Brewing Co., Milwaukee, WI; Anheuser-Busch Inc., St. Louis, MO; and The House of Seagram in New York, NY.

"After all," said a spokesperson for the Miller Brewing Company, "if anybody is aware of the abuse of the product, we are."

Miller's program, called AIM (Alcohol Information from Miller), is available to restaurants, taverns, liquor store owners, college campuses and community organizations through more than 700 distributors of Miller products.

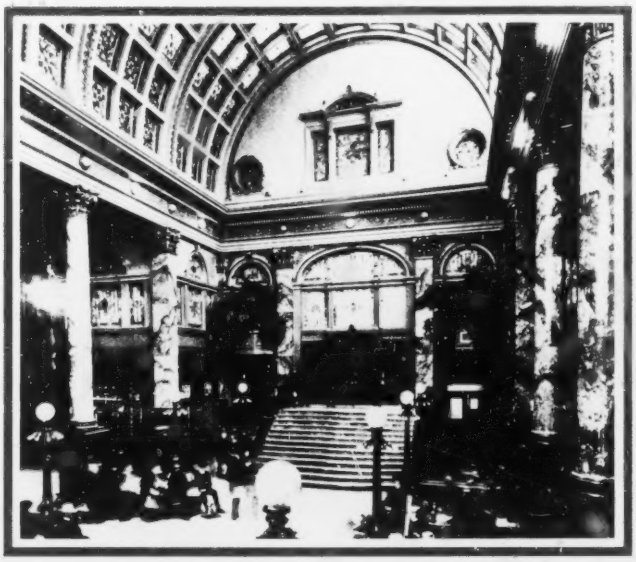
The program's purpose, as outlined in a 16-page booklet called "Somebody Do Something," is to establish the difference between alcohol consumption and alcohol abuse. The corporation supplies distributors with industry statistics, marketing tips and educational tools designed to encourage drinking in moderation.

Responsible marketing and consumption are the key elements of the Anheuser-Busch, Inc. program. The company has introduced LA, a low-alcohol content beer currently being tested in markets throughout the country. Responsible consumption is encouraged through the company's "Know When to Say When" campaign kit, which includes a movie, a manual and promotional posters and table tents. The package is available through Anheuser-Busch distributors.

The repeal of prohibition was less than a year old when The House of Seagram, began its program to promote responsible drinking. The first advertisement, which read "We Who Make Whiskey Say: Drink Moderately," was published in 1934. Today the company continues an aggressive campaign, appealing directly to the consumer through advertisements on television and in magazines. Additionally, all advertisements for Seagram's distilled products include the line, "Enjoy our quality in moderation."

INTRODUCTION

INTRIGUING OLDER BUILDINGS SERVE AS TRENDY DINING SITES



Pittsburgh's Grand Concourse before the renovation.

A church in New Orleans, LA, is turned into a restaurant serving smoked softshell crabs, a pottery factory near Cincinnati, OH, becomes a dining-out spot specializing in steaks, a waterfront building in Alexandria, VA, used as a hospital during the Civil War, becomes a seafood emporium, and a small-town bank in Shepherdstown, WV, is converted into a continental restaurant that draws its patrons from as far away as the nation's capital.

The opening of restaurants in old, renovated quarters formerly occupied by the unlikeliest of businesses has become a national pattern. Part of a trend toward rediscovery of our American heritage, marvelous old buildings—sometimes in the middle of small historic towns or in large inner-city areas undergoing rejuvenation—are replacing high-rise office buildings and slick suburban shopping centers as favored sites for restaurants.

Architects call it "adaptive use." Restaurateurs call it smart business.

The Washington area is replete with good examples.

In the District of Columbia, The Broker, occupies quarters that used to be a slaughterhouse run by a meat broker. Marakesh, an opulent Moroccan restaurant, once was a truck repair shop. Fourways, the chic nouvelle cuisine restaurant, occupies a handsome Beaux Arts mansion, which once was the scene of lavish turn-of-the-century parties.

In nearby Virginia, Portner's restaurant in Alexandria once was a firehouse, and Landini Brothers, a few blocks away, was an 18th century warehouse. The Depot, at Warrenton, is housed in a Civil War-era train station.

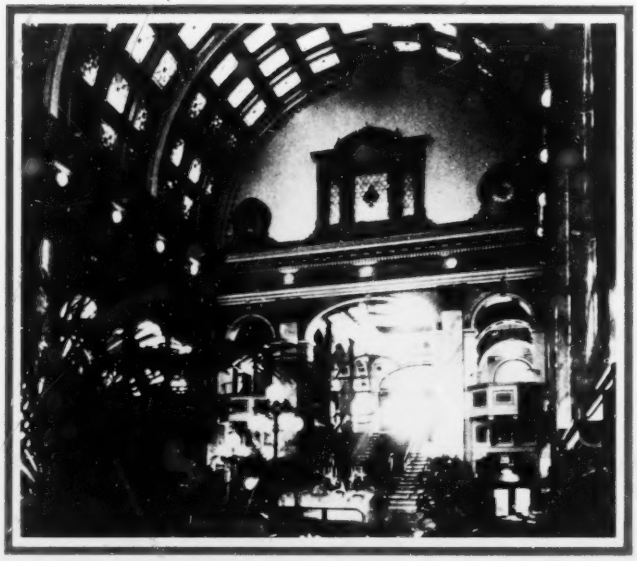
In nearby Maryland, Old Angler's Inn at Potomac, once was an inn and carriage house and the site of an Indian village, while Mrs. K's Toll House in Silver Spring, was literally that—a toll house among a muddy Early American road trafficked by horse-drawn wagons.

The "adaptive use" phenomenon—the restoration and conversion of old buildings for new uses—is not confined to restaurants in the Washington area. Across the nation railroad stations, warehouses and even churches are being reclaimed. Many of those buildings, some of which are more than a century old, now house a variety of establishments serving everything from smoked eel to steak.

In some instances, the restaurants have retained little of the interior character of the buildings—and more's the pity. But most have played up the historic or otherwise unusual aspects of the settings and turned them to advantage. Older interiors have been stripped away to reveal original bricks and beams, floor coverings have been rolled back to expose random-width boards and antiques have been used as decorations.

—John Rosson
Washington Times

RESTAURATEURS
PIONEERS OF HISTORIC PRESERVATION



Pittsburgh's Grand Concourse after the renovation.

by Robert L. Miller, AIA

In the last 10 years the number of restaurants in restored old buildings has multiplied in almost every sizeable U.S. city. Location, visibility, space/image and community leadership are combined to a greater or lesser extent in most of these projects. But, as a few examples from across the country illustrate, any one of these factors can take the lead.

Robert L. Miller is an architect and head of Robert L. Miller Associates, a Washington, DC, and New York City public relations firm serving building owners and building industry professionals.

If the phrase "historic preservation" still calls up a vision of blue-haired old ladies, take a second look around just about any American downtown. In the dramatic revival of urban centers across the country, the process of saving and finding new uses for old buildings has become popular and often profitable as well.

Sharing the honors and rewards with civic leaders, architects and developers are more and more restaurant owners, representing not only independent operations but also, increasingly, regional and national chains.

"Restaurant owners have been among the pioneers in reusing old buildings. One reason is that restaurants are accustomed to adapting to spaces, whether new or old," says American Institute of Architects (Washington, DC) President George Notter.

Architect Notter of Boston's Anderson Notter Finegold speaks from experience. In the early 1970s, his firm helped turn the oldest building on the Boston waterfront into the Chart House, part of a national steak-and-seafood chain that started in an old harborside building in California.

One of the first such projects on the East Coast, Boston's Chart House became the chain's most profitable restaurant. It also boosted commercial and housing development on the rest of historic Long Wharf and received credit for being a forerunner of the hugely successful Faneuil Hall Marketplace.

The Chart House remains a model for today's favorite preservation strategy: historically faithful restoration on the outside, creative and financially savvy restructuring on the inside. Faced with a warren of small cubicles, the architects removed the floors and cut through the old brick walls to make the whole building essentially one space. Although the lo-

cal code limited the restaurant to two levels, it did allow a mezzanine, and a striking multi-level dining space was rebuilt out of the old beams and boards.

The result is an exposed brick and wood interior. It is warm and light-filled in contrast to its austere warehouse-like exterior. The multiple levels define a cocktail lounge/waiting area and several dining spaces and permit a maximum of water and skyline views.

To help reduce the operating cost of electric heating and cooling, the architects specified added insulation between the old roof joists and a heat transfer unit that recovers exhaust from the cooking grills. Condensers, fans and duct work are all completely hidden beneath the slate roof.

The project took six months from design to completion at a 1973 cost of about $35 a square foot. As with any registered landmark today, the design, construction, financial and legal care required went far beyond that of a standard remodeling, and there were unknowns and risks aplenty.

Still, a historic preservation project like the Chart House offers the restaurant owner advantages that often exist nowhere else. Among these are prime locations, high visibility, interior spaces and "instant image" impossible to copy at any price and the opportunity to be seen as a leader in community renewal. And there may be sizeable tax, construction cost and energy savings as well.

Location

"Nice old buildings are usually well located to start with," George Notter points out. At the Chart House, a somewhat remote location with great views became prime real estate, thanks to the waterfront revival the restaurant itself helped create.

Sometimes taking on a preservation project is the only way to nail down a desired location. Washington, DC, Burger King franchisee John Couremb-bis and a developer friend saw their chance when a city-owned firehouse came on the market near Georgetown's highly-trafficked intersection—Wisconsin and M Street.

Although the firehouse facade is a straightforward 1880's brick front, much of the interior is almost 100 years older, and the site lies within a tightly controlled historic district. Only Roy Rogers, a division of the Marriott Corporation, had landed a fast food outlet in this nest of bistros and boutiques.

The developers turned to local architects Guy Martin and David Jones,

whose buildings manage to win preservation awards while incorporating some of the capital's most stylish modern design. Martin and Jones used the same combination to satisfy both Burger King's need for a clean, high-traffic space and the local review board's concern for one of the city's oldest structures.

The architects left the large, open fire engine room intact, adding stairs to sales counters on a lower level. "Even though everyone wanted the original space to remain untouched, it had contained two fire engines," notes David Jones. "So we designed two stairways to take their place and made them look, not exactly like fire engines, but very machine-like."

The review board accepted this solution, and also liked the idea of leaving the massive wood doors permanently "open," allowing customers to enter through working glass doors beyond. As a result, the owner and developer got their prime location and an attention-getting interior as well.

Visibility

While the Georgetown Burger King succeeds in its exceptionally high-traffic location despite a low-key street front, many other historic buildings are attractions in themselves.

In 1907 the custodian for the San Francisco Yacht Club in Sausalito began giving launch rides from a little building on the next pier. Over the years, Pop Lange's boat business grew to include bait, fresh crab and sandwiches, and the building was moved, expanded, altered and redecorated, eventually becoming a bar called the Glad Hand.

By the 1970s when Scoma's, a Bay Area seafood restaurant chain, decided to buy Lange's pier, Sausalito citizens considered it a landmark.

"The city would permit almost no alteration to the exterior. It was very frustrating," recalls architect Peter Walz. "But Scoma's recognized the value of staying friends with the community, and so we found a way to make things work 100 percent better inside with a minimum of disruption outside."

Walz and partner Ian Macleod (now of Treffinger, Walz & Macleod in San Rafael, CA) focused on one area, a recessed link between the original building and a later addition. If it were pushed out a few feet to accommodate a new entrance and bar, the result would be nearly invisible, they reasoned. The change inside, however, was dramatic. With the bar and incoming traffic relocated to the "link," the original building that had squeezed in 50 seats could now house more than 100.

Scoma's also undertook scores of behind-the-scenes improvements: reroofing an old lean-to addition; installing new windows and a new heating system; relocating and replacing cooking, dishwashing and refrigeration equipment; moving a rest room. But the success of the project also lies in what was not done. Inside and out, Scoma's looks and feels authentic and untouched.

Interior space

Scoma's Sausalito borrows from an old space to suggest a turn-of-the-century cafe. But it is more than historic significance that makes a space desirable. It is its quality, size and feeling as well. As George Notter says, "One reason for preservng an old structure is the 'found space'—often bigger and nicer than anything you can find in a modern building." Restaurants have borrowed the "instant image" and entertainment value of dining in a former bank vault, church sanctuary or movie studio. Whatever the reason, true historic preservation gives patrons a solid feeling of reality and quality.

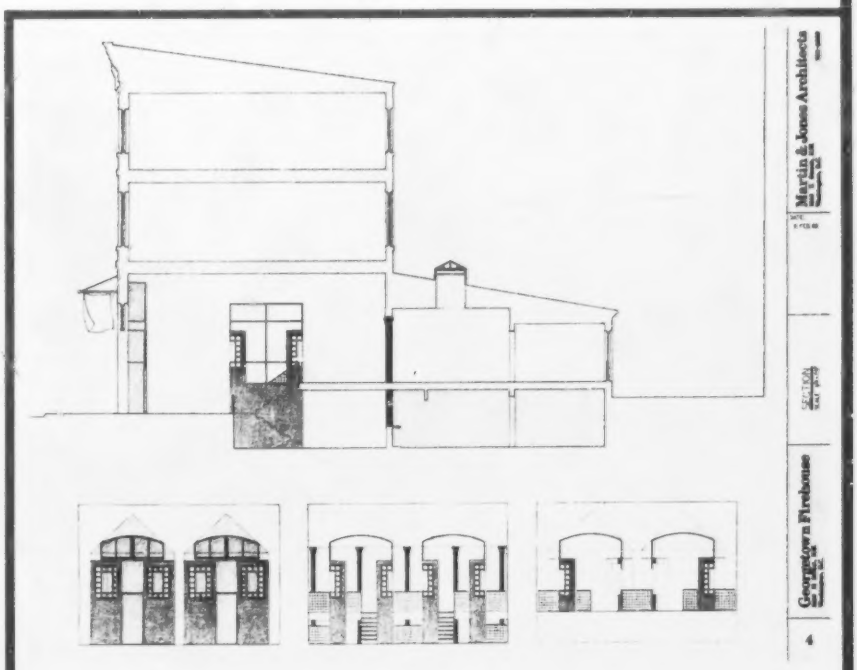
One category of reused buildings that evokes the past in an authentic but practical way is the railroad station.

In a modest station-turned-restaurant in Katonah, NY, tables and chairs are removed from the private dining room every night so that next morning the space with its bench seating can become a waiting room for the town's small group of rail commuters.

At the other extreme, the Chattanooga Choo-Choo complex sprawls over the Tennessee city's former downtown terminal with several restaurants, shops, a model train museum and a Hilton Inn that offers accommodations in restored Pullman cars.

One of the most successful of these railroad station conversions is Pittsburgh's Grand Concourse, a restaurant that epitomizes the idea that great spaces are where you find them.

Part of a rambling 1901-vintage station and office complex, which includes the working headquarters of the Pittsburgh and Lake Erie Railroad, the 500-seat Grand Concourse occupies facilities mothballed for years after the railroad discontinued



Getting started–some pointers

Once pretty much a seat-of-the-pants affair, today's adaptive use project has a lot of expert help to draw on. And, to satisfy local review boards and qualify for federal tax credits, this help is usually needed. If the property you own, or are considering buying, is in a historic district, the local preservation officer will be able to describe the approval process as it applies to your building and can probably recommend local consultants. Another source of information is the National Trust for Historic Preservation, a private organization in Washington, DC, that maintains several regional offices. The local chapter of the American Institute of Architects should be able to supply names of architecture firms and related consultants that are active in historic preservation. It also can point out award-winning projects.

While many full-service architectural firms now devote much of their practice to preservation and adaptive use, there are also more specialized consultants. A historic preservation consultant or architectual historian is often needed to research your building and report on its condition and historic and architectural significance. A preservation architect or preservation technology specialist can help you decide whether a deteriorated old building is sound and assess the time and cost involved in repairing and replacing historic details and fixtures.

Architectural firms frequently use these kinds of consultants as subcontractors as well as food service consultants and interior designers to advise on restaurant design. An architect is not necessarily less qualified for not having these services in-house; the architect's role is really to conceive and document the overall project and to coordinate the services of these and many other specialists.

In most historic preservation ventures, therefore, an architect leads the team. There are clear advantages to selecting a long-established firm with restaurant design as well as historic preservation experience. But because the renewed interest in architectural history is a comparatively recent phenomenon, a younger architect may actually know more about preservation strategies and be willing to devote more creative energy to your relatively small project.

Standard selection procedure applies:

- visit or look at photos of completed jobs by candidate firms
- talk with the people actually responsible to determine their compatibility and
- pay less attention to how many projects identical to yours they have done and more attention to how well they have served clients similar in size to your own operation.

Meanwhile, some time spent looking at nationally published projects can supply standards for comparison.

A good introduction to historic preservation and adaptive use is Barbaralee Diamonstein's *Buildings Reborn: New Uses, Old Places* (Harper & Row, 1978), with some 20 examples that involve restaurants. The Advisory Council on Historic Preservation publishes *Where to Look: A Guide to Preservation Information*, available from the U.S. Government Printing Office; in addition to listing hundreds of publications, this book includes names and addresses of national and local organizations.

The main non-federal source of information and advice is the National Trust for the Historic Preservation, 1785 Massachusetts Ave., N.W., Washington, DC 20036. The Trust publishes the monthly *Preservation News* and the quarterly *Historic Preservation* magazine. In addition, professional journals, such as Architecture (formerly *AIA Journal*), *Architectural Record*, *Progressive Architecture*, *Interiors* and *Interior Design*, cover preservation, restaurant design and sometimes both together.

passenger service. Happily, these largely intact spaces found an experienced developer in Chuck Muer. His Gandy Dancer restaurant in Ann Arbor, MI's former station was one of the first such projects in the country in 1970. Muer recognized an excellent riverfront location, directly opposite the heart of Pittsburgh, which local civic leaders had already committed themselves to save and redevelop.

In spite of a lavish $2 million refurbishing, the main impression of the Grand Concourse is that not much has changed since 1901. The main dining room occupies the high, vaulted waiting room with its restored stained glass skylight, marble columns and polished brass.

The baggage room and ticket office are now a saloon and oyster bar with original white tile floors and dark wood counters. And the addition of an unobtrusive window wall has helped transform the covered loading dock into the River Room, a kind of trackside cafe with views of the water, an occasional train and the Pittsburgh skyline.

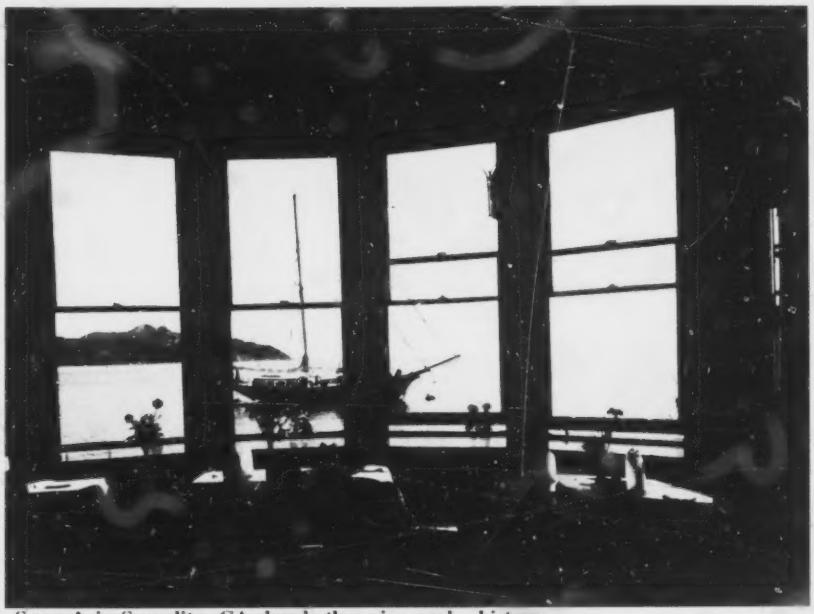
Community leadership

The Grand Concourse and other restorations have become the cornerstones of large mixed-use developments. The catalytic effect of these projects has become so well-known that even small cities and towns are turning to preservation as a panacea for declining downtown areas. One case in point is Danbury, CT.

In this birthplace of American composer Charles Ives, city officials are looking to a restaurant—Fitzwilly's, part of a small chain that is taking over the newly recycled Ives Street firehouse—as the key to turning things around.

According to Mayor James E. Dyer, "The Ives Street firehouse is the key because it shows the city is committed to spending some of its own money to lead the way to redevelopment." To the owner-developer team's one million dollar investment, Danbury is adding property tax abatement, $70,000 worth of new sidewalks and streetlights and free use of a city parking lot.

The city is hoping that Fitzwilly's will kick off a downtown plan that includes adaptive use of the former post office for shops and office space, new



Scoma's in Sausalito, CA, has both a view and a history.

pedestrian paving and relocation or remodeling of incompatible businesses, such as an auto repair shop. At least one merchant has volunteered to remodel his storefront to "match the look" of the firehouse, saying "whatever they do, I'll do better." None of this activity or the accompanying publicity has hurt Fitzwilly's.

Randolph Langenbach

Boston's Chart House is the oldest building on the waterfront.

Financial advantages

Recent changes in federal law allow developers in a federally designated historic district to apply for tax credits for up to 25 percent of their investments and to figure depreciation on a favorable basis compared to new construction.

But to be eligible, properties must be listed on the National Register of Historic Places, and renovation plans must be approved by the Interior Department officers who administer the National Register.

Despite careful and creative design, neither the Ives Street firehouse nor its counterpart in Georgetown qualified for tax credits on their first application. After an appeals process and some minor redesign both should be eligible. In both cases, while the tax credits make preservation more attractive, participants agree the projects can be profitable without them.

Like federal tax credits, there are other financial advantages of preservation that are a potential plus but not a given. State and local tax incentives, as well as public and private grant money, often exist but may vary on a city by city, year by year basis. Construction cost savings—as in all construction, new or remodeled—will also vary widely, case by case. Often the ingenuity of the design and construction team or the local labor and materials market will have more effect on cost than the old building itself. In general, a "found" space that truly fits a restaurant's needs can save thousands compared to a comparable new space. And what new space is truly comparable to one like the Grand Concourse?

The massive construction, high ceilings and well-planned natural ventilation of many historic structures can also result in energy savings. But staff and patrons will have to cope with the occasional gust through an open window as well as an occasional too-hot or too-cold day.

The pitfalls of preservation are often literal ones—a missing foundation wall, say, where you had planned to put your heaviest refrigeration equipment, revealed only when the old floorboards are removed.

Political factors can be equally unpredictable. Rather than fight a local preservation group's insistence on saving the crumbling and mostly unhistoric rear walls of a row of townhouses, a recent Washington, DC, project recouped the added expense by making the rebuilt rear facade the focus of a new mid-block atrium. The area with the missing foundation may be just the spot for a sunken cocktail lounge. Owners—and their consultants—with no tolerance for this kind of uncertainty should probably leave old buildings alone.

In sum . . .

Studies consistently show that historic preservation pays, but they don't answer the question of whether it will pay for *you*. For that you'll need your own study—not just a financial, legal, architectural and engineering study of the property in question but also a weighing of your goals and how preservation can help accomplish them.

A historic preservation project can be long and demanding, so prepare your restaurant to get the maximum benefit from it with a good marketing plan, a public relations strategy keyed to the interest your project will surely generate and an overall image program, from uniforms to graphics, consistent with your new old space.

And if the red tape and the experts become too intimidating, remember that in historic preservation, restaurateurs are—historically—the natural leaders. ❑

FROM FOUNDRY

When William T. Duvall, a Washington, DC, machinist, erected his foundry along the C & O (Chesapeake and Ohio) Canal in Georgetown in 1856, he had no idea that his building was destined to become a chic restaurant more than one hundred years later. Today The Foundry, as the restaurant is called, is an upscale establishment that appeals to both tourists and residents.

The building has changed considerably since the days of Duvall. It housed a variety of businesses, including a veterinary hospital which cared for the mules that pulled barges along the canal.

Structurally, the building has been enlarged and altered. The changes to the exterior are fairly obvious now that the aluminum paint, which covered the building in the 1960s, has been removed. The areas where new brick and mortar were added are obviously lighter in color and coarser in texture than the rest of the walls. The adjacent building that houses the offices, kitchens and storage for The Foundry restaurant is another recent addition as are the windows.

The interior changes are harder to identify as no historic photographs exist of the interior, and the materials—such as heavy woodworking—are consistent with the materials of a mid-19th century industrial building. Obviously the staircase, seating and bar are recent additions. Less obvious is the fact that the brick walls between the rooms are only faced in thin brick veneer. This suggests that what was originally two open floors has been subtly divided into several dining rooms of various size and atmosphere.

The changes in the building are paralleled in the changes in the site. When Duvall occupied his machine shop, Georgetown consisted of open space along the canal. Much of the land was being farmed. Any hint of farming is long gone, and virtually no open land exists except for the canal. The area becomes more developed nearly daily with new offices, condominiums, stores and hotels. The more Georgetown develops and changes, the more The Foundry becomes an important reminder of a bucolic past.

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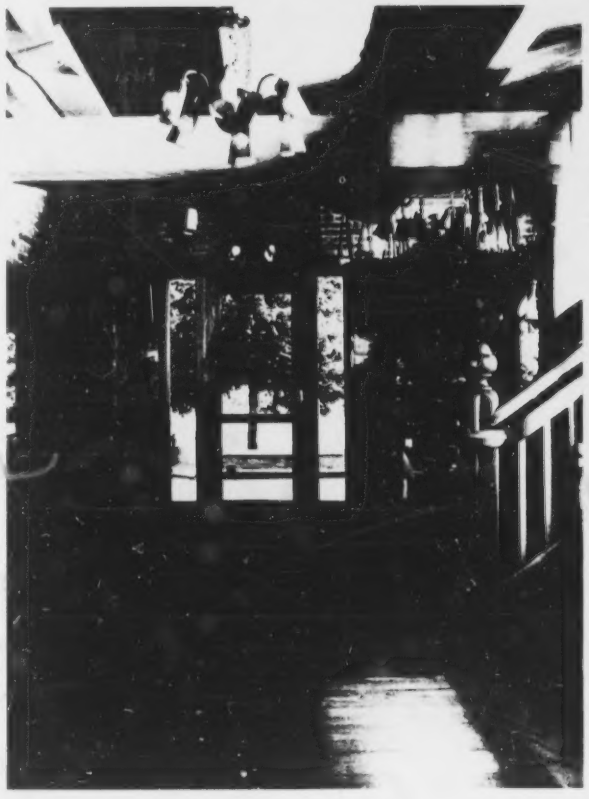


TO RESTAURANT CHIC

1. Photograph taken circa 1914 by William Vetter, looking southeast across the C & O Canal at the building that is now the Foundry restaurant. It was then being used as a veterinary hospital. Notice the attached shed to the right and the wooden doors at the first floor extreme right. The large opening on the second floor has wooden panels that could be opened to lift machinery or animal feed into the building. All these features have been changed.

2. Current photograph taken from nearly the same spot and angle as Vetter's. The Foundry is no longer an isolated, freestanding structure. It is now flanked by a 1940s power house (far left), a 1980s colonial style office building (second building from left) and, to the right, a retail/office complex.

3. Current photograph showing the 30th Street side of the building and part of the front facing on to the canal. Prominent are two star anchors between the first and second floors. The anchors are actually plates holding in place tie rods running the width of the building, preventing the walls from bowing out. In addition to the relatively recent sign, the building has undergone other changes: tinted, single thermal pane windows replaced earlier multi-paned windows, and mortar and brick have been replaced along the corner. (The newer brick is lighter in color and the new mortar joints are thicker.)

4. First floor, looking at main entrance and the canal. To the right is the staircase leading to the second floor. The photographs along the wall are historic views of Washington and Georgetown. Although the interior of the building has been altered several times, the heavy timbered beams and posts, the exposed brick walls, the staircase's newel posts and exposed air-conditioning duct are all in keeping with the look of an industrial building.

5. Front dining room on the second floor, showing staircase in center and part of the roof truss from which plants on pulleys are hanging. Through the arch in the rear are three other dining areas, more secluded than this one.

Photography and descriptions by Bill Lebovich.

FROM OLD BUILDINGS TO NEW MARKETPLACES

by Andre F. Shashaty

When the restored buildings of the Faneuil Hall Marketplace opened in Boston in 1976, Bobby Hillson's small French restaurant on St. Botolph Street was not doing well. The renovation of historic buildings in inner city neighborhoods for retail use was a still unproven concept, but Hillson and his partner decided to gamble on the new idea.

They opened the 3,800-square foot Cityside Bar and Restaurant at Faneuil Hall on January 18, 1977. Ten days later, Hillson was so impressed with its sales he asked the Rouse Company, which developed the project, for space to open a second restaurant.

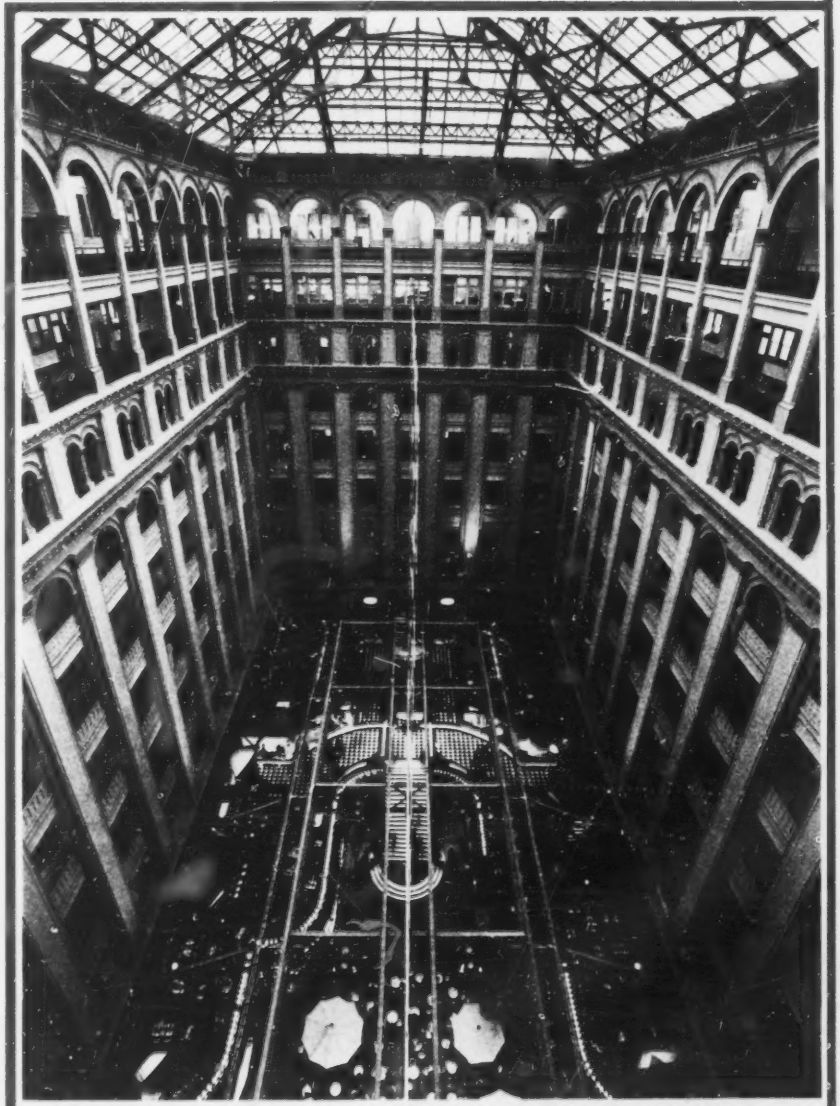
"Rouse wanted a seafood place," Hillson recalls. "We said we could do it." But this time the partners more than doubled their floor space, opening the 8,800 square foot Seaside Bar and Restaurant on August 26, 1977.

Today, Faneuil Hall is attracting 15 million visitors a year, and Hillson's two operations are ringing up total annual sales of about $6 million a year or about $476 per square foot.

Faneuil Hall was just the beginning of the trend to convert rundown but historic buildings into specialty retail centers that are drawing people back downtown to celebrate urban life.

The Rouse Company set the pace with Faneuil Hall, New York's South Street Seaport and dozens of other developments in major cities. But other developers are duplicating the Rouse Company's successes in large and small cities alike, and the restaurateurs who locate at the new developments are reporting brisk sales.

"Developers have seen the success of Rouse's projects and are looking at their own cities," says Tom O'Connor, editor of *Shopping Centers Today*. "Now that the regional markets are shrinking, they are looking back at the areas they left behind—the smaller, inner-city centers."



Abend Dweck

In Washington, the Romanesque revival Old Post Office had been marked for demolition as part of the redevelopment of Pennsylvania Avenue before preservationists won their battle to save the 1899 structure. After five years of work to reverse the ravages of age and unkind alterations, the building has regained its original grandeur.

Although startup costs and rents are often higher than free-standing locations or space in regional shopping centers, restaurateurs say the variety and excitement of the historic market-

places yield greater traffic and higher sales than other locations.

The marketplace is an event . . .

"You can't do as well in a free-standing location," says Hillson. "The marketplace is so much better because it's not just a restaurant; it's an event."

Specialty retail centers make food a main attraction because, unlike malls and other shopping centers, they do not include well-established department stores to attract shoppers or "anchor" the project. They emphasize a mix of smaller, specialty retail establishments catering to impulse buying with discretionary income. They offer entertainment and variety.

"People go to suburban shopping centers primarily to shop. At a specialty center, they go especially to go to a restaurant or just to walk around and have a good time," says Scott Ditch, the Rouse Company's vice president for public affairs. "If you put together the right combination of things, it becomes a magnet unto itself. People are looking for a larger sort of urban experience to enjoy the city in its best light. Food is the universal glue. At one time or another, everyone eats."

"Food is absolutely critical and fast food especially is critical. If fast food doesn't work, the project doesn't work," adds Robert Powell, general manager of The Pavilion, an eclectic mix of restaurants and shops in the restored Old Post Office in Washington, DC. The Pavilion, built by the Evans Development Company of Baltimore, MD, draws as many as 10 million visitors a year, and 70 percent of these people buy food or have a meal, according to developer estimates. Lunchtimes are particularly strong at The Pavilion and other urban marketplaces that are located within walking distance of hundreds of thousands of office workers.

Opportunity for all kinds of operations . . .

There are opportunities for all kinds of restaurants at the historic urban marketplaces—from elegant, full-service restaurants to french fry stands. Variety is part of the formula.

In most developments, there are full service restaurants to attract the luncheon business account diners, specialty restaurants to draw local residents and visitors for dinner, and a bar/restaurant or two for happy hours and evening entertainment. Fast food offerings from every region of the world appeal to tourists, strollers and grazing office-workers.

Developers go to great lengths to find a variety of complementary—not competitive—offerings to keep people coming back for more. "Every space has a different product line that appeals to people," says Steven Stunda of Godine and Stunda Inc., describing The Shops at Station Square in Pittsburgh, PA. "They come six days in a row and never eat in the same place. We have everything from sushi to ribs."

In some historic marketplaces a dozen or more operations are clustered around a common seating area. In addition to the economies of sharing the cost of seating space, the food court concept offers visitors a plethora of choices for a snack or a full meal of complementary items from different vendors.

"I think we are on the cutting edge," says Powell, describing the food court at The Pavilion.

Known as The Cookery, it includes 15 fast food operations. One side, Embassy Row, offers international fare, and the other, Main Street, offers ribs, chicken, french fries and other American standards. The Pavilion also houses five full-service restaurants outside the food court.

Local operators are preferred . . .

Whether it's a full-service restaurant or fast food establishment, specialty retail developers look for operations with unique local flavor. They prefer successful local operators who are ready to expand or even a newcomer with a good idea to chain or franchise operations.

"It's not that we don't like chains," Scott Ditch explains, "but we are trying to reflect the best of what cities offer so that visitors will find something they would not find at home."

Developers also prefer to lease to local owner-operators on the assumption that they provide better management. "I really like on-site managers," says Steven Stunda. "I like entrepreneurs who will give their lifeblood to make it succeed."

Some developers will even help operators get started. If their idea is good enough they often provide generous allowances for leasehold improvements, sometimes as much as one million dollars in cash to help with construction costs.

"It takes a great deal of handholding and personal contact," says Robert Powell, who helped four new operators get started at The Pavilion. "We help with the design, pro formas, purchasing, even getting a business license. We don't actually loan money, but we can help them get loans."

The developer/operator relationship . . .

Before restaurateurs sign a lease, however, it's important that they understand the nature of the restaurateur's relationship to the developer and to the development as a whole. It's not just a matter of paying rent on time. Every tenant's success depends on the fate of the project as a whole, and that requires cooperation.

Some developers spell out all of the tenant's responsibilities in an all-embracing lease. Others focus on key concerns. Most developers, for example, insist on the right to approve restaurant designs to control the overall image of the project. Menus are generally part of the use clause in the restaurant's lease. Changes must be approved to ensure that they do not compete with other operators.

"We're not concerned with the color of the tablecloths, but the presentation to the street or the outside," says Scott Ditch. "We encourage variety, but designs must be harmonious."

If a developer is very eager to sign on a restaurant, everything from tenant allowances to lease terms and rents can be negotiated. But the standard rent structure requires a base rent per square foot up to a set level of sales, called the breakpoint, and a percentage of gross sales thereafter. Most tenants must also pay utilities and a pro rata share of common area maintenance charges. In addition to common area charges, tenants also must contribute to a cooperative advertising fund and, in some cases, full service restaurants must advertise on their own, too.

The Shops at Station Square project has one of the more liberal promotions schemes. Although Godine & Stunda controls management and

requires participation in nine holiday advertising campaigns, the firm lets the merchants' association decide how the promotional dollars will be spent. The developer helps out by contributing 25 percent of what the tenants must pay for promotion.

Rents, costs and sales . . .

The percentage rents for restaurateurs in historic marketplaces are generally comparable to those at other locations, usually around six percent. But the breakpoint may be higher, according to Fred Hipp, executive vice president of Gilbert/Robinson Inc., which operates restaurants at Faneuil Hall and Station Square. Fast food base rents run up to three times higher per square foot than those for full-service restaurants.

"The developer is guaranteeing himself a minimum rent regardless of how successful you are, and that's where the risk comes in," Hipp says. Before you agree to pay those rents, he warns, "You've got to be damn sure of your concept."

Of course, developers who know they have a hot property will charge as much as the market will bear. In the Rouse Company's case, basic rents run from 10 to 14 percent of gross sales and as high as 18 percent when all occupancy costs are included.

Start-up costs are also higher at historic marketplaces, partly because of the intricacies of constructing a restaurant without damaging the project's historic features and partly because of the higher cost of construction in urban areas.

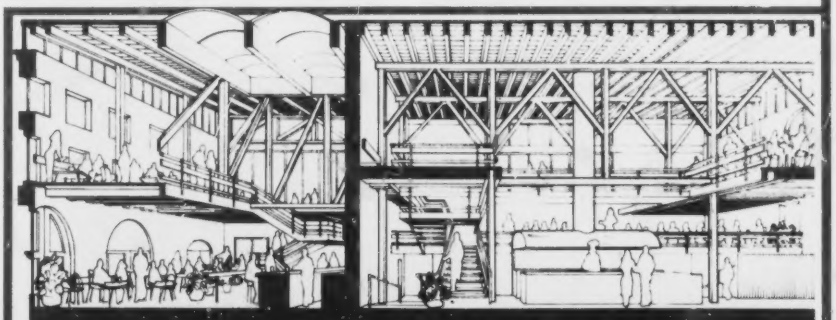
It cost $2.5 million for fixed equipment and construction to open The Coho, a 16,500 square foot seafood restaurant on the top floor of the South Street Seaport's Fulton Market, according to co-owner Don Vita. The costs were higher than planned largely because of the cost of union labor and overtime needed to meet Rouse's opening date. However, the Rouse Company did contribute $500,000 toward those costs.

For many operators, common area charges put the largest squeeze on their cash flow. They complain that their pro rata shares of those costs keep increasing, regardless of whether business is good or bad. Full-service restaurant operators say the charges, assessed on a square footage basis, put a disproportionate burden on their operations.

Vita said the base rent charged for The Coho's South Street location was not a problem at $15 a square foot, with an increase scheduled every five years. But he renegotiated his lease to a straight percentage rent because common area costs were "way out of line" at $35 a square foot.

In order to support those kinds of costs, restaurateurs must do high-volume business, and many of them are. The Coho, for example, estimates it will bring in $5 million for its first full year of operation. This is equivalent to $300 per square foot.

Pavilion tenants in Washington, DC, are averaging sales of $600 per square foot for their first year of operation, according to Project Manager Powell. But operators there indicate the full service restaurants are not



Perspective section, Chart House Restaurant, Baltimore, MD.

Historic marketplaces in the suburbs

If you think you have to move your operation to a major city to cash in on the historic marketplace trend, you haven't been to 100 Center Complex, a collection of 40 shops and six restaurants in a renovated brewery about seven blocks from downtown Mishawaka, IN.

Combining imagination, a love of history and lots of hard work, developer T. Brooks Brademas has turned the Kamm and Schellinger Brewery into a lively retail and entertainment center that proves carefully planned historic marketplaces can thrive in cities of any size, in this case, a suburb of South Bend.

Built in 1853, the three vacant brewery buildings were converted into retail space, a movie theater and four restaurants—The Vault, The Rathskeller, The Ice House and The Fondue Parlor.

The 19th century home of one of the brewery owners was transformed into The Hacienda, a Mexican restaurant, and a new building was erected to house The China Rose which serves—you guessed it—Chinese food.

Brademas himself managed The Ice House and The Vault for almost 12 years, but sold both operations to local restaurateurs last year.

Brademas reports that the restaurants are doing well, attracting enough people to fill his parking lots every night. The Hacienda is doing $3 million in annual sales, and The Ice House is dishing out light American fare to the tune of $1.5 million a year.

Now that the center is self-sufficient, Brademas is helping his restaurant tenants expand. But he can't help looking back on the past with a sense of accomplishment.

"Before we started, almost everyone who looked at the buildings said we would never make it. Fifteen years later we're still going strong. If people have visitors from out of town, they bring them to 100 Center Complex."

11 questions to ask before locating in a historic marketplace

Sales figures for restaurants located in historic marketplaces can be outstanding, but the costs are high and some operators have been disappointed by the results. Here are 11 questions to help you assess the potential of a historic marketplace before you sign a lease.

- **How good is the location?** Your first consideration should be the location, not the character of the project. Make sure it is convenient and easily accessible by foot, car and public transportation.
- **Is the project part of a comprehensive revitalization plan?** Many historic projects are located in inner city neighborhoods that are being revitalized, but make sure you won't have to wait too long for the neighborhood to catch up with the project.
- **What markets will the project draw upon?** To ensure a steady flow of customers during weekdays, evenings and weekends, a project must tap several markets, including office workers, tourists and conventioneers. Nearby residents can be the key to good weekend and evening business.
- **Is the project a destination in itself?** If the location looks good, consider whether the project has the character, variety and amenities to become a destination in itself. The most successful projects combine a historic building or setting, views of a waterfront or skyline, entertainment and a dynamic mix of merchants.
- **What is the developer's reputation?** Find out what other projects the developer has done, how they have performed and how the developer has dealt with other tenants. Look for a developer with a good track record.
- **How high are the occupancy costs?** Percentage rents for historic marketplaces are generally in line with regional malls. But watch out for high base rents, which you will pay regardless of how well you do, and common area maintenance charges, which may be passed on to you with no specified ceiling. If you don't like the terms, you may be able to negotiate a better deal.
- **How will you cope with seasonal fluctuations in business?** Most operators report a drop in business during the winter. Consider traffic patterns (Is the project enclosed or do customers have to walk outside?) and employment restrictions (Can you lay off personnel and rehire them when business picks up?).
- **How high are start-up costs, and how generous is the developer with allowances for tenant improvements?** Historic projects often involve higher start-up costs, but some developers offer generous tenant allowances.
- **What are the arrangements for promotion of the project?** People don't just come back downtown automatically. Find out if the developer has a good plan to give the marketplace a strong public identity and how much it will cost the tenants.
- **Are the developer's projections realistic?** Study the developer's traffic and sales projections for the project. Find out if the developer is willing to renegotiate leases if the projections are not realized.
- **How do the rents and sales potential compare with other locations?** If you think you have a good idea of the sales potential at a historic project, ask yourself whether that potential justifies the added cost of locating there.

doing as well as the fast food operators.

Fitch, Fox & Brown, a 300-seat restaurant in The Pavilion featuring new American cuisine, was aiming for first year sales of $350 per square foot, according to co-owner Norman Gross. "We're going to fall substantially short of that," he says, largely because the tourist traffic is gravitating toward fast food. Nearby office workers give the restaurant a strong lunch business, but he says evenings and weekends are slow.

Success not guaranteed . . .

Success in historic marketplaces is not guaranteed. It takes time for a project to win a public following, especially in the winter when traffic often slows to a trickle. And if business is bad, the restaurateur is usually the one who takes a beating.

Barbara Witt is one of several operators who fell victim to seasonal fluctuations in traffic at Harborplace, the Rouse Company's waterfront project in Baltimore, MD. As president of The Big Cheese, Inc., a gourmet restaurant emphasizing cheese dishes, she decided to move the successful Washington operation to Harborplace and opened a 100-seat operation there in 1982. The Big Cheese closed 15 months later.

Although the Rouse Company claims Harborplace attracts 18 million visitors a year, Witt says the traffic was not what the developers had led her to believe and that winter, in particular, "was the pits."

But, she adds, The Big Cheese was also the victim of its own concept—too sophisticated for many of the visitors to Harborplace.

Rouse Company spokesman Ditch concedes that there have been problems in some projects and adds that there are no guarantees. Even when a developer chooses the perfect location, it can take a long time to attract a following, especially in the evenings and weekends. But a good location and good track record usually pay off, says Fred Hipp of Gilbert/Robinson, Inc. And the concept of a historic marketplace has longevity. ❑

BUILDING A DREAM

IN READING, PA

by Cecelia Niepold

Ever dream about restoring a time-weathered building and molding it into something special? Many of us do, but most dismiss such ideas as pipe dreams—out-of-reach, unrealistic fantasies. Susan Brubaker and Arlene Unger, though, transformed such a dream into reality. Using good old American ingenuity and sheer determination, they turned three historic buildings in downtown Reading, PA, into a successful restaurant.

Their dream began to take shape when the two women, both former school teachers, discovered the buildings were scheduled for demolition. Brubaker and Unger simply decided that the unique cluster of buildings—a 1734 log cabin (the oldest standing structure in Reading), an adjoining brick townhouse built around 1810 and a large turn-of-the-century market shed (built as an indoor farmers' market) was an important piece of Reading's history and should be preserved for people to enjoy.

To win the city's approval and to gain the necessary financing, they had to create a business that would generate enough cash to restore the buildings. "The business we had expertise in, by virtue of being homemakers and very good cooks, was the restaurant business," explains Brubaker. So, with a sizeable collection of early American recipes, a love of local history and a lot of determination, the partners created Widow Finney's restaurant.

Before they could open the doors to their restaurant, however, they had to tackle the actual restoration. An architect and a craftsman helped with the technical details, but family members and friends did most of the labor to save money. Altogether it took 18 months and a lot of elbow grease. Along the way, Brubaker and Unger discovered some fascinating pieces of American history. For instance, after removing the siding which covered the original log cabin, they found the original logs and chinking (river clay, plant life and straw used as mortar) still intact. They even unearthed an old musket ball.

In 1980 Widow Finney's opened with 55 seats, a kitchen full of secondhand equipment and a distinct early American atmosphere brought to life by the original pine log walls, planked wooden floors, calico and patterned tablecloths, ironstone china and waitress uniforms of long, patterned skirts and homespun blouses.

From the opening day, the partners have been committed to providing customers with a unique historic dining experience. The atmosphere, the menu and even the folk music on the weekends have all been carefully coordinated to give patrons a taste of the past. But they learned very early that they had to define their concept and their market. "We thought because we were a log cabin we could relate to everyone. We soon found out we couldn't," says Brubaker.

The menu is based on colonial recipes the partners have gathered from old manuscripts and archives. Although the variety of food was limited during colonial times and the only seasonings available were the fresh herbs settlers grew in their gardens, many early recipes featured unusual treatments of usual things. Consequently, the menu at Widow Finney's offers creative combinations of wholesome simple fare and subtle seasonings. The restaurant even has its own herb garden in a courtyard between the buildings.

One unusual dish they offer is an onion stuffed with herbed chicken, which looks like a graceful flower. The onion is used as a shell and gives the chicken and herbs a delicate flavoring. The recipe comes from the Shakers—a religious community that thrived in the late 1700s.

Another popular entree is the herb-stuffed flounder based on a handwritten manuscript from the 1600s. Interestingly, the recipe calls for several herbs, but no onion or salt. Brubaker is quick to point out, however, that just because a recipe is historically interesting does not guarantee success with today's customers. Rabbit, for example, was a popular dish in colonial times; yet many people today avoid it for reasons of sentiment or unfamiliarity.

The partners are currently considering ways to generate additional sales without disturbing the intimate dining atmosphere they have created. For instance, they are planning to expand their kitchen into the market shed this fall to hopefully increase their take out and catering sales. They may also use the space to install a retail bakery and a banquet room. The bakery idea has grown from the bread recipes Brubaker and Unger have collected.

Brubaker and Unger took a chance on a dream and made it work. Entering the project without any prior restaurant or restoration experience was a huge gamble. But somehow their strong determination to restore a piece of the past, along with their individual cooking skills and thorough knowledge of history, helped them overcome the obstacles and produce a success. As Brubaker says, "If you have a dream, go for it." ❑

TAX CREDITS FOR PRESERVING HISTORIC STRUCTURES

by Richard J. Power, Esq.

On our honeymoon in Paris this summer, my wife and I came across a fascinating restaurant on the Rue Galande. It's called Auberge des Deux Signes (Inn of the Two Swans), and it is a masterful restoration. Originally a part of the nearby church of St. Julien le Pauvre, its stone pillars, vaulted arches and spiral staircases (one stone, one wooden) are complemented by a modern skylight and a chandelier of greenery draping past two balconies almost to the floor.

As we dined, my thoughts turned to the rough-hewn beauty of the inn, its medieval history and the tax credits the owners could have enjoyed if the restaurant were in the United States.

Since the Economic Recovery Tax Act of 1981 (ERTA) sweetened tax incentives on building renovations, the prospect of a 25 percent tax credit has provided the impetus for the transformation of thousands of old warehouses, factories, brownstones and other decaying relics into attractive restaurants, shops and offices with "lots of character."

The primary motive of Congress in providing tax credits was to halt the exodus of businesses from center cities to newer suburban shopping areas. However, the tax breaks are not limited to urban properties. They apply to all commercial and industrial structures that are at least 30 years old and where substantial rehabilitation expenditures are incurred.

The amended Sections 46 and 48 of the Internal Revenue Code now enable restaurateurs and other building owners to take advantage of a special investment credit for rehabilitating a qualified historic building. Expenditures which are ineligible for the credit include the cost of acquiring a building and the cost of adding on to the old structure or putting up a new building.

Richard J. Power is a practicing tax attorney in the Washington, DC, area. His list of clients includes several restaurants.

How a building qualifies for an investment credit . . .

A qualified building is one

- which has been substantially rehabilitated; that is, rehab expenses exceed $5,000 over a 24-month period
- which was placed in service before the beginning of the rehabilitation (that is, the building is being prepared for use, such as for a trade or business, and is not merely being rehabilitated for resale) and
- which has retained 75 percent of the original external walls in the rehabilitation process.

The recent Tax Reform Act of 1984 has provided an alternative to the "75 percent test" to allow irregularly-shaped buildings to qualify more easily for the credit. Under the act, a building will qualify for the rehabilitation credit when

1) at least 50 percent of the external walls are retained as external walls

2) at least 75 percent of the external walls are retained as either external or internal walls and

3) at least 75 percent of the internal structural framework is retained in place.

The internal structural framework includes all load-bearing walls and any other columns, girders, beams, trusses, spandrels and other components that are essential to the stability of the building.

Credit percentages vary by age . . .

Exact credit percentages vary by age of the building. For business-use structures that are at least 30 years old, the available credit is 15 percent of the rehab expenditures. The credit rises to 20 percent for structures at least 40 years old. To obtain the full 25 percent credit, the building must be certified a historic structure.

A certified historic structure is a depreciable building—one used in a trade or business or held for the production of income, such as a commercial or industrial building. Non-depreciable buildings may qualify only if they are the subject of charitable contributions for conservation purposes.

A certified historic structure also must be listed in the National Register of Historic Places or, alternatively, be located in a registered historic district and be certified as contributing to the district's sense of time, place and historic development by virtue of its location, design, setting, materials, workmanship, feeling and association.

A registered historic district is one designated by the Secretary of the Interior through the National Park Service or by a state or local statute that has been approved by the Secretary of the Interior.

To qualify for the maximum 25 percent tax incentives, property owners must complete the two-part "Historic Preservation Certification Application" with the National Park Service. This will lead to certification of the historic character of the building and the quality of the rehabilitation work to be performed on the building.

This application must first be submitted to the state or local agency or official appointed to handle historic preservation matters in a given locality. The state official then forwards applications to the National Park Service regional office, usually with a recommendation.

It is best to submit the applications—describing fully the proposed work—in time to receive the approval from the Park Service prior to the start of construction. The approval process generally takes 60 days from the date that a complete application is submitted.

A close look at the certification application . . .

The first part of the application is devoted to determining whether an individual building qualifies as "historic." A structure that is individually listed in the National Register is automatically eligible for the credit. The preliminary determination of eligibility for a non-listed building (whether inside or outside a historic area) depends on how closely the building conforms to the Secretary of the Interior's standards for evaluating significance of historic structures.

The application must show how the building contributes to the historic significance of the district. It should indicate how the building is similar to other buildings in the historic district in scale, building materials, style and period of construction. Also noted should be important figures from the past associated with the structure, former uses of the property and the name of the original architect or builder, if known.

Clear photographs of the building and its surroundings, as well as the interior features, should be included if possible. A detailed map of the historic district, clearly identifying the lot on which the building is located, is necessary to verify eligibility for the tax credit.

The second part of the application must describe, in great detail, the proposed rehabilitation work. Photos, sketches, architectural drawings, floor plans and any other documentation showing the proposed alterations are necessary.

The Secretary of the Interior's standards for rehabilitation emphasize the importance of retaining the original qualities and character of historic buildings. Every reasonable effort must be made to protect and preserve original architectural features, distinctive historic styles and examples of skilled workmanship. The standards require repair of deteriorated areas where possible. If replacement is necessary, the new materials should match the old in composition, design, color, texture and so forth.

Obviously, taking on a rehabilitation project will require the initial expense of retaining experienced professional help—a good architect, design consultant, photographer and attorney. But the reward is substantial. The tax credit is a dollar-for-dollar offset against taxes, not just a deduction. And the credit is taken up front, reducing the amount of equity required.

The combination of the rehabilitation credit and the new 18-year recovery period for depreciation can produce very large deductions. Take this example:

In January 1985, a restaurant entrepreneur buys a 50-year-old building in a historic district, which meets the Interior Department standards for the rehab credit. Cost of the building is $1 million ($150,000 land, $850,000 depreciable structure). Restoration costs another $1 million and is completed within 24 months, so that the improvements are placed in service in January 1987. By passing up accelerated depreciation, the owner obtains a 25 percent credit and may use a straight-line depreciation over 18 years.

Depreciation in the first two years is 1/18 times $850,000, the depreciable basis of the building. In 1987, when the building is placed in service, the owner gets the credit of 25 percent of the $1,000,000 rehab cost. The rehab cost minus one-half the $250,000 credit leaves $875,000, which is added to $850,000 to produce a new basis for depreciation of $1,725,000.

Depreciation 1985 + depreciation 1986 = $94,444

Depreciation 1987 (1/18 × $1,725,000) = $95,833

First three years depreciation = $190,277

Tax savings in 50 percent bracket = $95,139

Rehabilitation credit = $250,000

Total tax savings in first three years = $345,139 ❑

The Secretary of the Interior's standards for rehabilitation

1. Every reasonable effort shall be made to provide a compatible use for a property, which requires minimal alteration of the building, structure or site and its environment, or to use a property for its originally intended purpose.
2. The distinguishing original qualities or character of a building, structure or site and its environment shall not be destroyed. The removal or alteration of any historic material or distinctive architectural features should be avoided when possible.
3. All buildings, structures and sites shall be recognized as products of their own time. Alterations that have no historical basis and which seek to create an earlier appearance shall be discouraged.
4. Changes which may have taken place in the course of time are evidence of the history and development of a building, structure or site and its environment. These changes may have acquired significance in their own right, and this significance shall be recognized and respected.
5. Distinctive stylistic features or examples of skilled craftsmanship which characterize a building, structure or site shall be treated with sensitivity.
6. Deteriorated architectural features shall be repaired rather than replaced, wherever possible. In the event replacement is necessary, the new material should match the material being replaced in composition, design, color, texture and other visual qualities. Repair or replacement of missing architectural features should be based on accurate duplications of features, substantiated by historic, physical or pictorial evidence rather than on conjectural designs or the availability of different architectural elements from other buildings or structures.
7. The surface cleaning of structures shall be undertaken with the gentlest means possible. Sandblasting and other cleaning methods that will damage the historic building materials shall not be undertaken.
8. Every reasonable effort shall be made to protect and preserve archaeological resources affected by, or adjacent to, any project.
9. Contemporary design for alterations and additions to existing properties shall not be discouraged when such alterations and additions do not destroy significant historical, architectural or cultural material, and such design is compatible with the size, scale, color, material, and character of the property, neighborhood or environment.
10. Wherever possible, new additions or alterations to structures shall be done in such a manner that if such additions or alterations were to be removed in the future, the essential form and integrity of the structure would be unimpaired.

The Delicate Art of Working With Wine Distributors

by Toni Lydecker

At Jean Louis, a popular Washington, DC, restaurant, located in the Watergate Hotel, the average sale for a bottle of wine is $89. With that kind of price tag, customers expect a wide-ranging, impressive wine list—and they get it. The Watergate just won the *Wine Spectator's* prestigious Grand Prize for having one of the 19 best wine lists in the world. Paul DiChiara, the Watergate's beverage director and cellar master, maintains a wine inventory worth $450,000 and doesn't think twice about putting down a couple of hundred cases of Bordeaux to be uncorked 10 or 15 years hence. Hoping for a piece of the action, the distributors who manage the flow of domestic and imported wines into the city line up to talk to DiChiara.

Seventy miles away, Kevin Connell is struggling to buy wine for the Yellow Brick Bank, his white-tablecloth restaurant in Shepherdstown, WV. "The wine list is the aspect of the restaurant I'm most ashamed of," he sighs. By state law, Connell can buy wine only through the state liquor stores or the two distributors servicing his area. Connell sometimes resorts to placing special orders through the state liquor store or paying a service charge for a distributor to bring in wines from another state. Delays are interminable, and when the wine finally arrives, he will pay roughly twice as much for it as a comparable restaurant in nearby Washington, DC.

Despite the unfortunate experiences some operators have purchasing wine, however, many restaurateurs and distributors say the opportunities to make the wine list an outstanding profit center have never been better. "This is the most competitive time I've ever seen. There's just so much product out there that it's become a buyer's market," says Suzanne Chambers of Chambers and Chambers Wine Merchants, Inc. in San Franscisco, CA.

A distributor who delivers . . .

Although restaurants in many states have no choice except to buy wine through a licensed distributor or wholesaler, these companies do perform a range of services that make them indispensable to most restaurants. By absorbing the cost of transporting and storing wine in large quantities, the distributor allows the

restaurateur the convenience of ordering wine a week or two at a time.

Distributors also can become extremely useful partners in the selection and sale of wine. According to Gayle Keller, co-owner of the Silverado Restaurant in Calistoga, CA. "They come armed with point of purchase displays, such as posters, table tents and box ends, that help promote the wines they sell."

In addition to possessing knowledge and materials about wine, these salesmen are often closely attuned to a restaurant's needs. They shouldn't be pushing just their own company's wines, advises importer Suzanne Chambers, but should show up with two or three carefully chosen samples that go with the restaurant's menu. Then they can say, "I know you're a steak house, and here's a Cabernet Sauvignon that's a great buy."

The soundness of a salesperson's advice also depends on the restaurant's willingness to update the company's list regularly and to taste new vintages as they come in.

Alert distributors will tip off a restaurant when a new shipment contains a wine that might be good for the list or when stocks of a favorite wine are running low.

A good sense of timing is essential for finding values in the wine market. "Good deals say hello and good-bye very quickly. You have to be willing to look for values as they appear rather than just replace items as they run out," recommends Stephen Fox, director of hotel and restaurant consulting for the International Wine Center and consultant to New York City restaurants Maxwell Plum's and Tavern on the Green.

A willingness to buy wine in volume can often lead to substantial price breaks. In this area, large operations have the advantage. The Grace Restaurant Company in Irvine, CA, for example, orders wine in large quantities to store in central commissaries and distribute as needed to its restaurant chains, which include Houlihan's Old Place, Reuben's and El Torito. (Because of laws restricting the transport of alcoholic beverages over state lines, this system would not work well for companies spread out over several states.)

Restaurants located in isolated areas, such as the Yellow Brick Bank, might find that buying wine in quantity is a way to interest suppliers in working with them. But many small operations have to balance the advantages of high-volume purchases against the minuses: tying up capital and absorbing storage costs.

Even a restaurant that must settle for a three to five percent discount most of the time, however, might consider buying enough to qualify for a larger price break on items sold in great volume, such as its pouring wines and popular premium wines.

Restaurants with a limited wine-buying budget also can seek out distributors sympathetic to their plight. Under the Washington, DC, Kronheim Company's "From Case One" program, all customers get the same price, regardless of the quantity they order. Similarly, a California company called Southern Wine and Spirits extends discounts under its "Family Break" program to restaurants that order as few as two cases of wine a week. The restaurant low on the totem pole in sales should also peruse price catalogues carefully for discounts not dependent on volume

For a wine list they'll love

1. **Match the wines to your operation.** What kind of investment of time and money does the wine list warrant? The income bracket and tastes of the clientele and the amount of the average check are two good indicators. Look also at the figures for bottle and house wine sales. A restaurant with bottle sales running at only 10 percent (one bottle for every 10 customers) can determine its potential for growth by observing house wine sales. If they are healthy, the restaurant may want to ease customers into buying more frequently by the bottle by emphasizing reasonably priced premium wines.

2. **Coordinate the wines with the food.** Try to find the right wine at the right price for every dish on the menu that could be accompanied by wine. In general, the result of this exercise will be a wine list that corresponds roughly in length and complexity to the menu. A menu with 12 to 20 entrees, 8 to 10 appetizers and 6 to 8 desserts calls for a list of two or three dozen wines, while one that includes only five entrees and four appetizers each day may require a dozen wines or fewer. Almost always, a small but excellent wine list is better than a long one of uneven quality.

3. **Diversify the list.** A list composed of nothing but the finest wines is likely to intimidate more customers than it lures. Make sure there are several price categories and that even the lowest one includes good, drinkable wines.

4. **Balance familiar wines against more unusual ones.** From Mateus and Blue Nun to Dom Perignon, customers respond well to wines that are well known. At the same time, you will want to choose several wines a customer might not encounter in other restaurants—perhaps a sampling of Chinon, a red Loire wine, or Rully, a wine from the Challonais district in France. Whether familiar or esoteric, every wine should be a good example of its genre—an eccentric Chardonnay that tastes more like a Chenin Blanc does not belong on the list.

5. **Serve house wines you can brag about.** House wines are typically big money-makers, and some restaurants try to squeeze out every ounce of profitability by serving the cheapest stuff they can find. This is false economy, for people will not drink two or three glasses of a wine that turns their tongues to asphalt shingling; nor will they take a chance on ordering a bottle of wine after such an experience. Pay a dime or two more per glass and buy pleasant house wines customers are certain to enjoy.

6. **Watch the ratings.** To find out which wines hold promise with your patrons, read wine reviews and take note of wines that rank high in prestigious competitions. Customers who know wine will be looking for them on your list, and those who are not aware of a wine's prize-winning qualities can be informed through the wine list or by the wait staff.

purchases. Sometimes a post-off is offered because a distributor wants to phase out a certain wine.

Taking control of the list . . .

Some busy restaurateurs are tempted to turn over their wine list to the first helpful distributor they find. "They may be just overwhelmed by the whole idea of wine. Many restaurateurs go into the business because they love food, entertaining, the whole lifestyle of being a restaurant owner. Very few come with much knowledge about wine beyond the highly advertised labels. As a result, the wine list is an afterthought, and they don't take advantage of its profit potential," says Fox.

Given the opportunity, some distributors are willing to take the entire responsibility for the wine list. The reason for this generosity? Typically, the company creates a list so top heavy with its own wines that its printing and binding costs are recovered within a few weeks. According to Fox, a savvy customer can tell when the wine list is "owned" by a distributor. Tipoffs are the same collection of mediocre offerings that have cropped up in other restaurants, sloppiness about including vintages and other vital information, and a tendency to leave the same wines on the list year after year.

To avoid this situation, restaurateurs should keep in mind that even the most knowledgeable sales rep does, after all, have a vested interest in selling his or her own company's products. That is why restaurateurs should take the time to consult with several different distributors when drawing up or revising their wine lists.

Working with a number of distributors is not only a good idea for planning the wine list, but it gives the restaurant flexibility and bargaining power, as well—especially when several companies share distribution rights for a product. On the other hand, there's no point in spending time with more distributors than is necessary. The number appropriate for a restaurant depends largely on the requirements of its menu and wine list. A restaurant featuring an extensive menu of international cuisine might need to work with a dozen distributors to get the wines for its broad-based list. A northern Italian restaurant planning to carry only wines from that geographical region, in contrast, may manage its wine supply very well with the help of two or three specialty houses.

There are benefits to establishing long-term relationships with distributors. Distributors often distinguish, formally or informally, between regular customers and others.

With Opus One, the phenomenally successful wine produced jointly by Robert Mondavi and Baron Philippe Rothchild, there is an explicit policy of distributing the coveted cases according to how much business customers have done with one company or the other. But experienced distributors recognize an obligation to hold up their end of the relationship even when the rules are unwritten. For example, the Watergate's Paul DiChiara recently asked a distributor to try to get some of Inglenook's library wines (prestigious, older vintages released only in small quantities). One reason for the distributor's cooperative attitude is the sizeable orders DiChiara puts in customarily for the readily available wines the company needs to sell in volume.

Expertise is essential . . .

In order to take charge of the wine list, of course, the restaurateur must either possess or hire the expertise required.

To learn more about wine, the chief wine buyer can join a sommelier society, visit vineyards and take wine courses. In addition, distributors can be an excellent educational resource. Many provide brochures on their various lines of wine, and they can recommend worthwhile books and periodicals on the subject. Through the tastings and lectures they organize, they also bring together people who are making wine decisions for their restaurants.

Seasoned or not, the restaurant's wine buyer should receive some backup in wine selection decisions. A panel can be organized to sample wines under consideration for the list. It might include the owner, general manager, chef, catering manager or another member of the staff.

Once the wine list is complete, it is tempting to think that the work is over, except for putting in a new order every week. Alex Dierkhising, co-owner of the Silverado Restaurant, explains why that impression is wrong. "You can't just throw a burger on the grill and expect it to cook itself. A wine list needs the same kind of continuing attention: It must be maintained, reviewed, revised." Unlike a product, such as a particular brand of gin, which remains essentially the same year after year, wine can vary radically in quality and quantity from one vintage to the next. A restaurateur must, therefore, be prepared to find a replacement for a new vintage when it is not right for the list, not ready to drink or the supply runs short.

Tracking wine sales is another important part of managing the restaurant's wine program. Wine order decisions will be more on target when based on a precise analysis of which vintages in which price ranges are selling best.

Bypassing the distributor . . .

Although state laws or a restaurant's particular needs may dictate working exclusively with distributors to purchase wine, occasionally restaurants can supplement these efforts with other arrangements that effectively bypass the distributor. In California, small wineries often market directly to restaurants. Besides cutting out intermediaries, at a savings to both the winery and the operator, this strategy may enable a restaurant to buy wines not widely available.

Importing wine directly, either alone or in concert with several other restaurants, is another possibility. Restaurants must normally compensate an importer for bringing in the wines and clearing them into the restaurant or restaurant group. Although a direct import may produce savings of 25 to 40 percent, it is worth the trouble only when a large purchase is contemplated. Furthermore, a restaurateur who lacks a sure footing in the wine market runs the risk of costly blunders, such as selecting wines that do not travel well.

Auctions may be good places to buy older wines to sell or use as window dressing, if the state allows such transactions by restaurants. An auction might also offer the opportunity to get bargain rates on the inventory of a distributor going out of business.

As with other methods of buying wine that bypass the distributor, the purchaser must know how much the wine is worth for such a venture to be profitable. The restaurant staff should also be prepared to handle the details of registration and shipping that would normally fall to a distributor. ❑

Fisher's Law #56

The implausible dream

On a recent trip to an industry conference, I lowered the airline seat-back to rest my eyes from the strategic plan review that had occupied my attention since take-off. I began to doze, but then I found myself emerging from a haze, seeing and hearing, semi-clearly, the conference chairperson introducing the keynote speaker. It went like this:

"Our speaker today is a person who really does need an introduction. We invited numerous other persons to give the keynote address; but when we were turned down by all those we had contacted, we had no other choice but to invite the speaker who will shortly appear before you. He can be best described as a soft-nosed businessman, completely unknown in leading business circles. He has an extremely limited range of experience, with a career underscored by a remarkable series of failures. He does not sit on any boards or commissions, and his only citations are from traffic court. He is a part-time, undistinguished professor at a low-brow college, teaching the subject of monotony. He practices what he teaches as you will soon find out. He was delayed in arriving here as the result of a slight mishap. He experienced a fire in his home library. Both books were burned. A former athlete, he was known as 'home run Harry.' That's an odd nickname for a pitcher. It is truly an embarrassment for me to introduce to you our speaker, Harry . . . uh, Harry . . . uh, oh, well. Here's Harry."

The speaker rose to his feet and shuffled over to the podium. He began. "That's one of the more gracious introductions I have ever received. However, I am not particularly pleased to be here with you. What I have to say to you isn't exactly the truth. I will tell it like it isn't, and it will have absolutely no effect on your business, your perspective or your life. I will start by telling you a little experience to illustrate a joke. The experience is that we've been eaten alive by our competition. The joke is that two hikers were hiking through a forest when a big hungry bear sprang out on the path in front of them. One hiker immediately sat down, took his sneakers out of his backpack and started putting on the running shoes. The other hiker said, 'Why are you putting on your sneakers? You can't possibly outrun the bear.' 'I know,' said the first hiker, 'all I have to do is outrun you.'

"Our market research tells us we shouldn't be in the business. Our executives have unlimited expense accounts, but they keep exceeding them. Our marketing effort is diffused. We try to be all things to all people all the time. We know when we have to spit out the bullet. When we make important decisions, we analyze them carelessly and bring them right down to the top line.

"We're not afraid to make those wishy-washy decisions. Our long-range planning consists of completing vacation schedules. We choose trainees who have graduated in the upper five-fifths of their class. Our training program consists of signs in the washroom. Our purchasing philosophy is every employee for himself/herself. We have an unsound quantity assurance program. We reach record levels every year in customer complaints, employee turnover, insurance premiums and wage and hour inspections.

"The systems we have out of place are designed to confuse and complicate our operations. We have robotized all the processes in our human resources department so we are not bothered by having any humans working in that area. We believe we are a feeble organization, not particularly dedicated to serving our customers. We constantly seek short-term expediency, while simultaneously maximizing efforts to separate investors from their money."

The jolt of rubber hitting pavement upon landing brought me out of my slumber. The impressions were vivid, however, and I continued to reflect on the dream I had experienced. It seemed that everything was backwards, just the reverse of what it should be. I was glad I never attended a real conference like that or knew of any organizations like the one the speaker described. Come to think of it, however, I have known . . . well, never mind.

"It's fortunate, sometimes, that dreams don't come true."

U.S. Postal Service

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TO YOUR HEALTH

Fiber—a healthful fit for restaurant menus

Americans are eating more roughage or fiber than ever before. The demand for fresh fruits, vegetables and whole grains is increasing.

The prediction is that the aging American population will give a boost to the demand for high fiber foods. A recent report by the international research firm of Frost and Sullivan shows that a prime consumer group of diet products (including high fiber foods)—the 45-year-old and older segment—should increase by eight percent by 1990.

It isn't demographics alone, however, that is giving fiber a revitalization. The dietary guidelines for Americans published by the U.S. Departments of Agriculture and Health and Human Services encourages eating foods with adequate starch and fiber. In March, the National Cancer Institute emphasized the importance of low-fat, high-fiber dietary intake in its seven-step approach to cancer prevention. Added to this is the raised consumer consciousness about foods in general.

What fiber is . . .

Although frequently thought of as one substance, fiber is not a single food. Fiber is the undigestible cell walls of plants. It comes in five major forms--cellulose, hemicellulose, pectin, gums and lignin. Each one has its own physical and chemical properties, and each form serves different nutritional needs. The fiber in broccoli (cellulose), for example, is different from that found in breakfast cereals (lignin).

The cellulose component of dietary fiber is responsible for its bulk-inducing properties. Cellulose and hemicellulose absorb water as they pass through the body. This simple physical property is not insignificant. Cutting transit time through the stomach means, among other things, the fats found in last night's steak won't stay around to be absorbed completely. As a result, less fat travels through the arteries, and less fat gets deposited in body cells.

Gums and pectin, on the other hand, manage to keep cholesterol and blood sugar levels under control by binding to and removing the acids that digest fats. Of special interest to the diabetic is their ability to coat the stomach's lining to delay absorption of sugar. This process reduces the amount of insulin needed.

Lignin is capable of combining with intestinal acids to form insoluble complexes. This in turn helps speed food through the gut. As with other fiber components, this process keeps cholesterol in check.

The health benefits of fiber . . .

As already mentioned, the health benefits attributed to fiber include lowering cholesterol levels in the bloodstream and helping to regulate blood sugar levels in diabetes. Population studies also offer evidence of relatively low incidences of stroke, hypertension, colonic-rectal cancer and digestive disorders when consumption of fiber is high.

Other accolades include the possibility that fiber acts to cleanse the body of environmental (industrial and insecticidal) wastes that enter our bodies through the food chain. The method approaches a "bind and eliminate" strategy.

Fibrous foods are also filling. They take up space in the stomach and produce a full feeling. This can reduce total caloric intake.

Food preparation affects fiber content . . .

Food preparation affects fiber content. Lignin is increased by toasting, browning or baking. Sauteed and steamed vegetables have more lignin, pectin and gums than boiled vegetables.

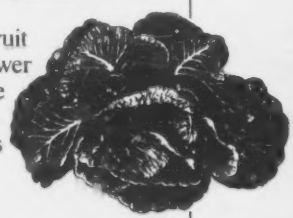
Luckily for restaurateurs, high fiber foods have already found acceptance. Foods high in fiber are also high in visibility and are popular menu items. Examples include pasta with vegetables, vegetable tortillas, broccoli nut casserole, gazpacho and signature breads, rolls or muffins made with whole grains, vegetables or fruits.

Adding a variety of grains, cereals, brown rice, legumes and plenty of fruits and vegetables to a menu also increases fiber options and offers welcome variety for your patrons.

—Karen Sherwood, R.D.

Sources of fiber

Cellulose/Hemicellulose:	Whole wheat flours	Cucumber skins
	Bran	Peppers
	Cabbage	Apples
	Green beans	Carrots
	Broccoli	Mustard greens
Gums/Pectin	Oatmeal and rolled oat products	Citrus fruit
	Dried beans	Cauliflower
	Squash	Cabbage
	Apples	Carrots
	Strawberries	Potatoes
Lignin	Breakfast cereals	Pears
	Bran	Green beans
	Strawberries	Radishes
	Eggplant	



FOODSERVICE TRENDS

Getting ready for customers in the year 2000

by Cecelia Niepold

Restaurateurs should prepare for the future now. To effectively stay ahead of customers' ever-changing tastes and needs, restaurateurs should look at upcoming trends in the consumer marketplace. For instance, changes in age, population movements, household composition, income and employment trends will all affect consumer preferences, interests and buying power. To help restaurateurs plan ahead, this article highlights some of the expected demographic changes which will mold the marketplace of the future.

Age: the maturing population

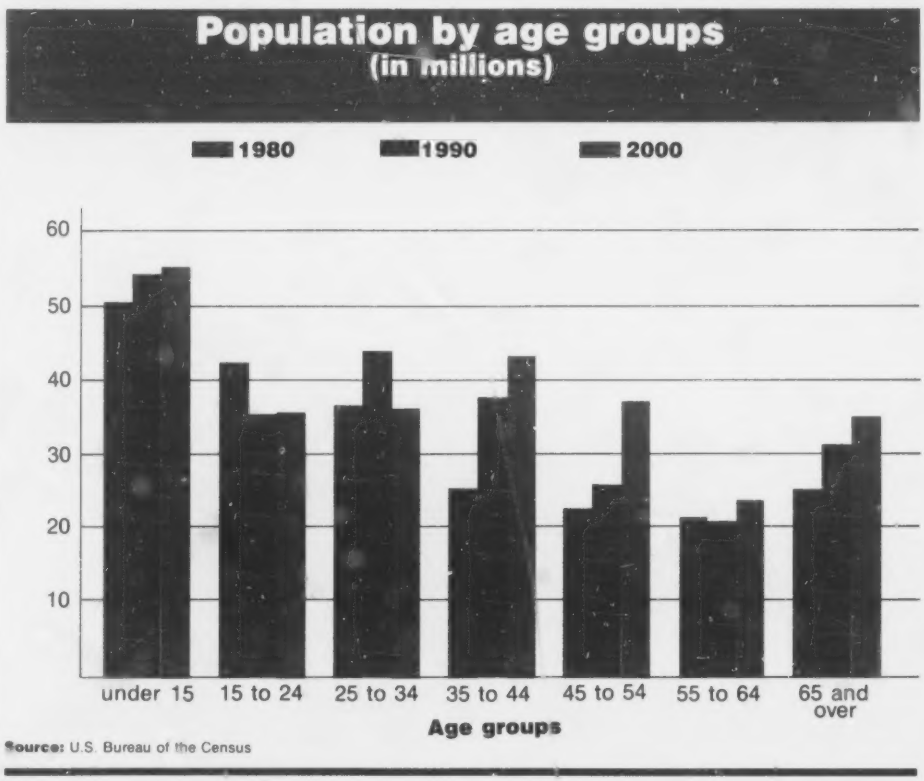
Age is an important factor in determining consumer behavior because different age groups develop different interests and tastes. Consequently, growth patterns among the various age segments will directly affect the marketplace.

America's population is getting older, due both to the maturing baby boom generation and Americans' increasing longevity. In 1970 the U.S. median age was 28; by 2000, it will reach 36.

Major demographic trends to watch include the maturing baby boomers, the growing number of senior citizens, the declining teenager segment (which could affect foodservice employment) and the smaller baby boomlet in the 1980s.

Key trends:

- The number of individuals aged 35 to 44 will reach 43.7 million by the year 2000—a whopping 70.5 percent jump from 1980's level.
- The 45 to 54-year-old group will increase substantially—62.7 percent—to 37.1 million between 1980 and the turn of the century.
- By the year 2000 the 35 to 54-year-old segment will comprise 30.1 percent of the total population, up from 21.4 percent in 1980.
- The number of 55 to 64 year olds will rise 9.6 percent between 1980 and 2000 to reach 23.8 million.
- The number of Americans aged 65 and over will total 35 million by the year 2000—a 37.1 percent increase in 20 years. Senior citizens will account for 13.1 percent of the entire population in 2000, versus 11.3 percent in 1980.
- Among senior citizens, individuals aged 85 and over will more than double between 1980 and 2000, reaching five million by the year 2000.
- The number of 15 to 19 year olds will drop 20 percent between 1980 and 1990. Between 1990 and 2000 the teenage group will increase somewhat—11.8 percent. Even so, there will be two million fewer teen-



Source: U.S. Bureau of the Census

Proportion of population by age groups
1980 and 2000

1980	Age groups	2000
22.6%	Under 15	20.8%
18.7	15 to 24	13.5
16.4	25 to 34	13.6
11.3	35 to 44	16.3
10.1	45 to 54	13.8
9.6	55 to 64	8.9
11.3	65 and over	13.1
100.0%	Total	100.0%

Source: U.S. Bureau of the Census

agers at the turn of the century than in 1980.

- The number of 5 to 14 year olds will increase only slightly between 1980 and 1990, but between 1990 and 2000 the increase will be 8.2 percent.
- The preschool group (children under five) will increase 17.4 percent between 1980 and 1990 as the baby boomers have their own baby boomlet. However, between 1990 and 2000, the number of young children will shrink 8.2 percent.

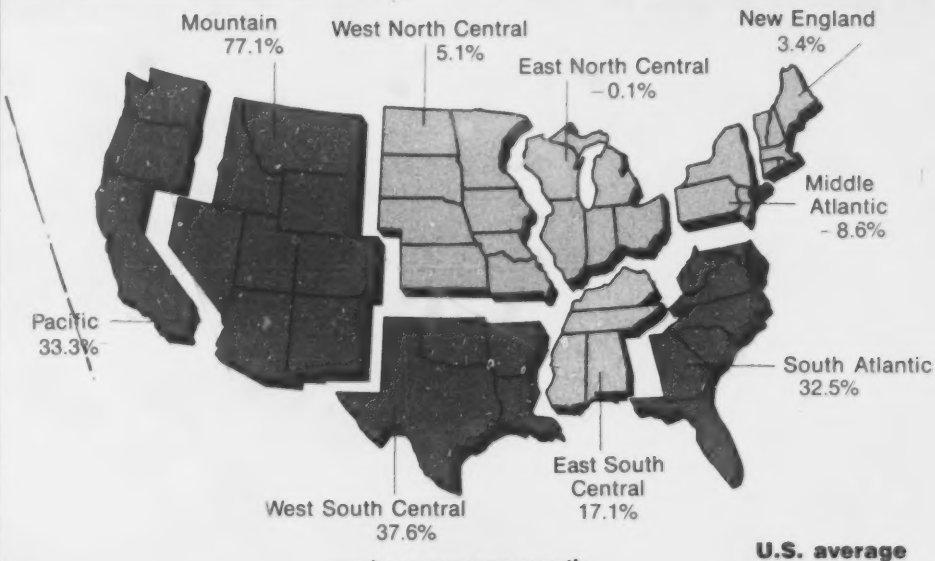
Regions: the growing South and West

Population movements can affect regional growth patterns and influence the general economic climate in different areas. According to the U.S. Department of Commerce, the South and West should grow substantially between 1980 and 2000, while the Northeast will actually experience some population declines.

Key trends:

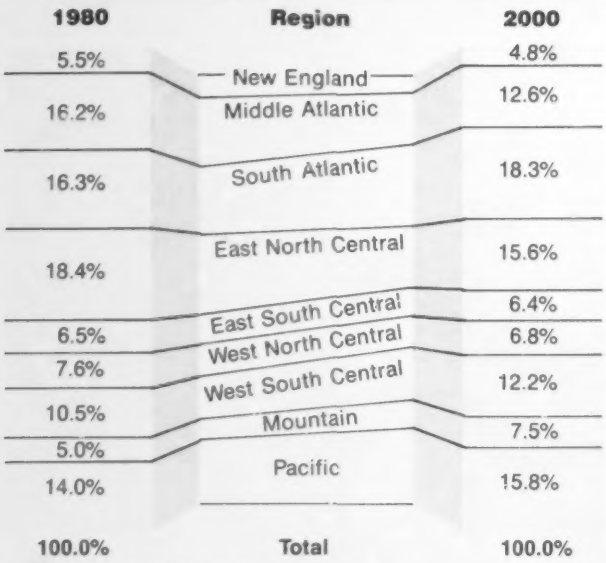
- The Mountain region will experience the largest population gain between 1980 and 2000—77.1 percent. By the year 2000 the region will account for 7.5 percent of the total U.S. population, a relatively small proportion, but up from 5.0 percent in 1980.
- The West South Central region will post a 37.6 percent population increase between 1980 and 2000—the second highest gain. By 2000, 12.2 percent of all Americans will live in this region, up from 10.5 percent in 1980.
- By the turn of the century the South Atlantic region will overtake the East North Central region as the most populous area. Approximately 18.3 percent of the population will live in the South Atlantic region in 2000, up from 16.3 percent in 1980.
- The Pacific region will be the second most populated area in 2000, with 15.8 percent of the total population. This area's population is expected to jump 33.3 percent between 1980 and 2000.
- The East North Central region, which boasted the highest population in 1980 (18.4 percent of all Americans), will include only 15.6 percent of the U.S. population by the turn of the century. The region is expected to experience a slight 0.1 percent population decline between 1980 and 2000.
- The Middle Atlantic region will experience the largest population decrease between 1980 and 2000—8.6 percent. By the year 2000, 12.6 percent of the population will live in this area, down from 16.2 percent in 1980.
- The three most populated states will be California, Texas and Florida—one quarter of all Americans will live in these states by the turn of the century.

Percent change in regional population growth
1980–2000



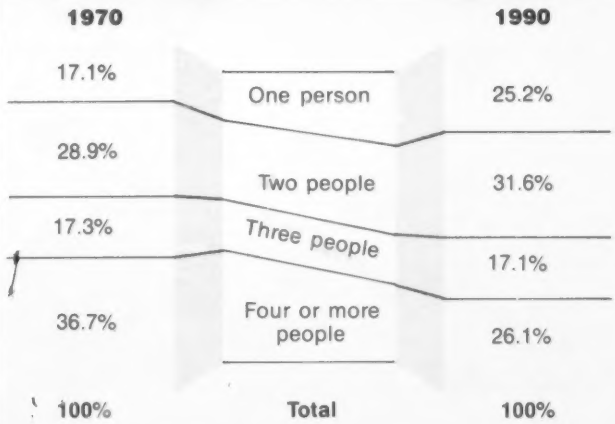
Source: Department of Commerce

Regional distribution of U.S. population
1980 and 2000



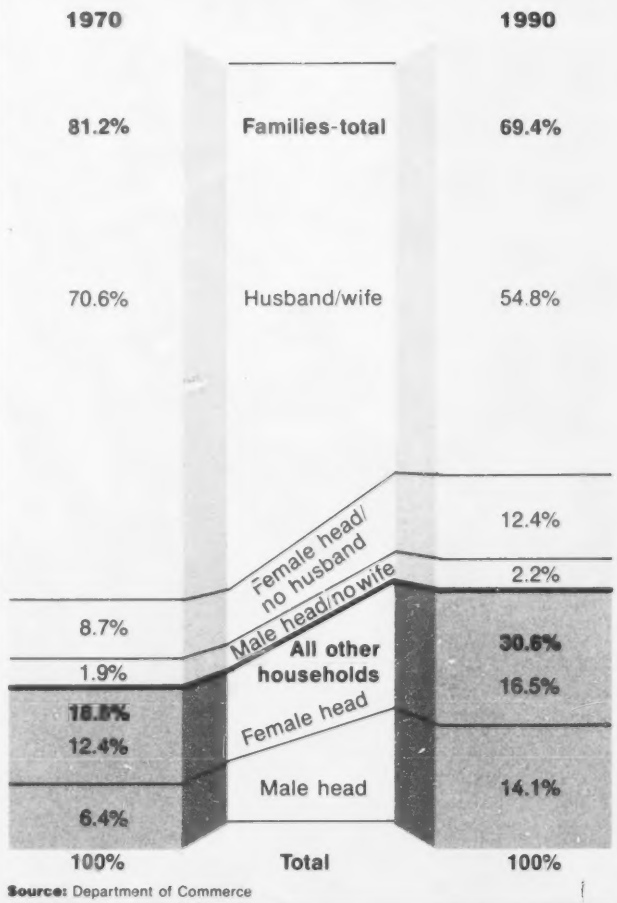
Source: Department of Commerce

Proportion of households by size
1970 and 1990



Source: U.S. Bureau of the Census

Household composition proportion of all households
1970 and 1990



Source: Department of Commerce

• Nevada, Arizona and Wyoming are predicted to be the fastest growing states—their population will more than double between 1980 and 2000.

Households: smaller and more affluent

Household composition is another factor that influences consumer behavior. Americans are marrying later, living longer and having fewer children—trends which are causing the average household size to shrink. This, along with Americans' rising affluence, should increase eating out in the future. Studies have shown that consumers dine out more frequently as their income rises and also that singles generally eat out more often than other household groups.

Key trends:

• The number of single households is expected to more than double between 1970 and 1990. By 1990, single householders will account for more than a quarter of all households.

• Two-person households will account for the largest proportion of households—almost a third—by 1990.

• The proportion of households containing four or more persons will continue to decline.

• Households headed by 35 to 44 year olds will show the most significant growth, increasing 53.4 percent between 1980 and 1990.

• During the 1980s, households headed by 25 to 34 year olds will account for the largest proportion of households. In comparison, in 1970 most households were headed by 45 to 54 year olds or individuals aged 65 and over.

• The proportion of traditional husband/wife households is declining. In 1970, 70.6 percent of all households contained married couples; by 1990 that proportion will drop to 54.8 percent.

• The proportion of families (related or married persons living together) among all households (includes both

families and non-related persons living together) will decline from 81.2 percent in 1970 to 69.4 percent in 1990.
- Households headed by females will account for 28.9 percent of all households in 1990—up from 21.1 percent in 1970.
- Median household income should rise to almost $25,000 by 1990 (in 1982 dollars), up from $20,000 in 1980.
- The number of households earning $50,000 (in 1982 dollars) or more will almost double between 1980 and 1990—the fastest growing income segment.
- Almost 40 percent of all households will be earning $30,000 (in 1982 dollars) or more by 1990—up from 30 percent in 1980.

Labor force: more women and 25 to 44-year-olds

The labor force will also experience some changes between now and the turn of the century. As the baby boomers mature, the number of 25 to 44-year-old workers will expand, while the number of workers under 24 will decline.

Since many restaurants employ teenagers, this could create a labor shortage unless operators take steps to tap other segments or increase incentives.

The increasing number of women entering the labor force will also affect the foodservice segment because households with working women tend to dine out more frequently than many other groups.

Key trends:
- The number of 25 to 44-year-olds in the work force will more than double between 1970 and 1995, reaching 71.3 million by 1995.
- Twenty five to 44-year-olds will account for more than half the work force by 1995.
- The number of 16 to 24-year-old workers will drop 14.1 percent between 1982 and 1995. By 1995, this group will comprise only 16.1 percent of the labor force, down from 22.3 percent in 1982.

Dining out habits of growth markets

35 to 44 year olds:
- Spend 36 percent more on dining away from home than the average consumer.
- Visit atmosphere restaurants more than most people—3.4 times a month.
- Go to fast food restaurants to save time more often than other groups.
- Visit family restaurants while traveling, for business or to celebrate events more than average.
- Like to try new items when dining out more than other age groups.

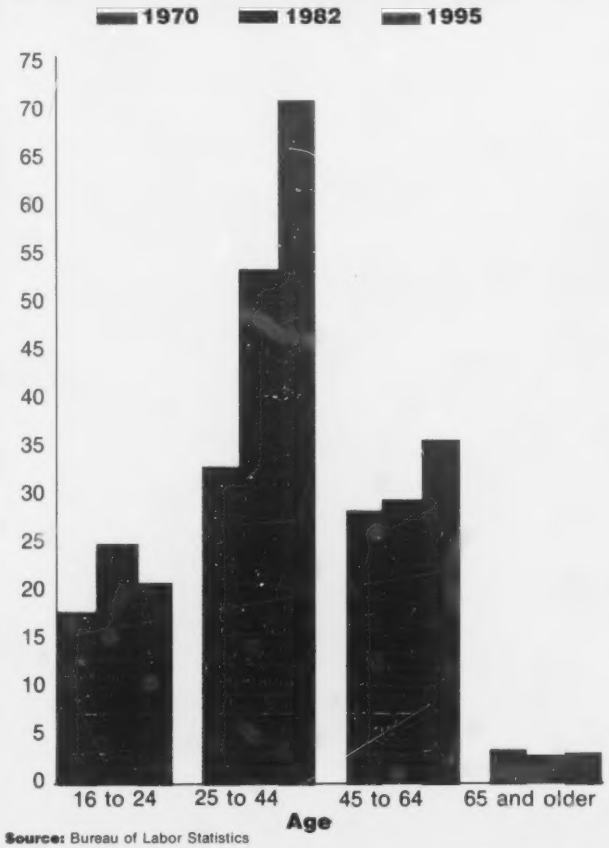
Senior citizens:
- Allocate about a quarter of their total food budget to dining out—the smallest proportion among the age groups.
- Visit atmosphere restaurants simply for enjoyment more often than others and less often to celebrate an event.
- Are more likely to go to a family restaurant while shopping or for simple enjoyment than other age segments.
- Dine at fast food restaurants less often than the average consumer.

Westerners:
- Allocate more of their food budget to dining out than Americans in other regions.
- Are more likely to visit fast food restaurants to save time than other Americans.
- Visit family restaurants while traveling or to save time more often than other Americans.
- Are most apt to visit atmosphere restaurants to celebrate a special occasion.

Singles:
- Spend almost half of their food budget on dining out.
- Dine out more often than any other type of household at all restaurant types.
- Are much more interested in trying new items when dining out than the average consumer.
- Are most likely to visit fast food and family restaurants for convenience reasons.

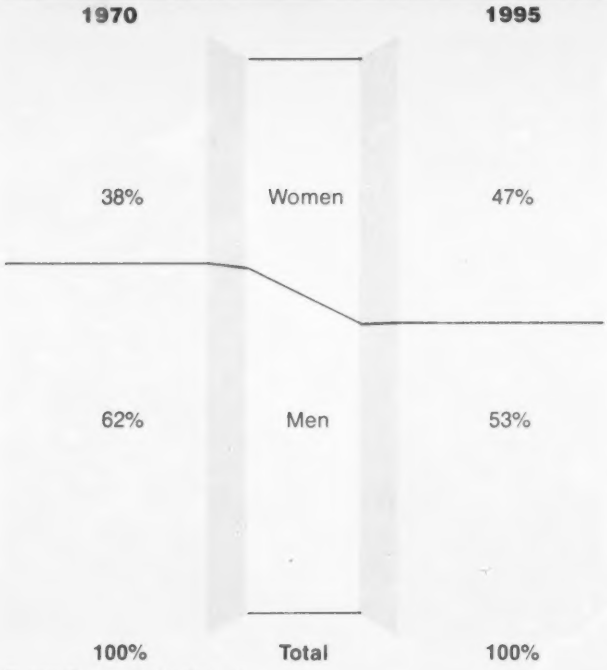
Working women:
- Spend more than a third of their food budget on dining out.
- Dine out more frequently than households with non-working women.
- Are more apt to dine out for convenience reasons than non-working women.
- Are more likely to eat dinner away from home than other consumer groups.

Labor force by age groups (in millions)



Source: Bureau of Labor Statistics

Proportion of labor force by sex



Source: Bureau of Labor Statistics

- The number of working women will almost double between 1970 and 1995. By 1995, almost 47 percent of the work force will be women, up from 38 percent in 1970.
- The number of married women in the labor force will jump 38.1 percent between 1982 and 1995.
- By 1995, six out of 10 women will be employed, up from four out of 10 in 1970. More significantly, among 20 to 54-year-old women, eight out of 10 will be working in 1995.

What do the numbers mean for restaurateurs?

To help operators translate the numbers of the future into realistic marketing strategies, here's a look at some of the general trends which may occur as a result of the changing demographics.

General trends:

- As the number of working women and single households grows, take-out options and convenience factors may become increasingly important.
- Rising income levels (boosted by more two-income households) should encourage consumers to dine out more frequently. As a result, patrons may demand more upscale entrees, increased variety and higher quality food.
- The baby boomlet of the 1980s may provide a good market for restaurateurs targeting families with small children. After 1990, however, as these children grow older, operators will have to adjust their marketing accordingly.
- The growing number of senior citizens, many with higher discretionary income levels and more leisure time, presents a prime market.
- Restaurateurs with expansion plans may want to consider the South and West.

Customer satisfaction on the rise

Over the last three years customer satisfaction has been on the rise. The number of people reporting the price/value relationship of eating out to be excellent or good has increased from 58.5 percent in December 1981 to 63.4 percent in June 1984, according to results from two Gallup Poll surveys.

The surveys asked the question, "Thinking about the price of this meal, and comparing it to the prices you pay for many products and services you buy, would you say this meal represented an excellent, good, only fair or poor value for your money?"

Along with the rise in customer satisfaction, come fewer fair and poor price/value ratings. In 1981, 40.6 percent reported their meal was a fair or poor value compared with 32.2 percent for 1984.

The increase in overall satisfaction can be attributed to the improved economic situation, the slower rise in menu prices and the fact that restaurateurs have put increased emphasis on providing a good value at a fair price.

Breakfast—tops in value . . .

The meal that most consumers feel is the best buy for their money is breakfast. Restaurant patrons tend to feel they are getting their money's worth partly because this is one of the least expensive meals.

The number of people rating it as a poor value has dropped from 5.5 percent in 1981 to 4.1 percent in 1984. However, the number of people giving a rating of excellent or good has also dropped somewhat since 1981. In 1981 76.3 percent gave the morning meal an above average rating; in 1984 71.2 percent did so.

Breakfast continues to be the fastest growing meal occasion, but this decline in perceived value may foreshadow slower growth unless restaurateurs focus on providing consumers with the price/value they seek.

Dinner is also perceived as a good value for the money. Six in 10 (61.2 percent) respondents surveyed in 1981 and nearly seven in 10 (67.2 percent) of those interviewed in 1984 reported that the value of their recent evening meal was good or excellent.

Lunch, likewise, has increasingly been perceived as a better value. In 1981 about half (51.8 percent) of the consumers rated the price/value relationship of lunch as excellent or good, while in 1984 six in 10 (60.7 percent) did so. Moreover, fewer people are rating lunch as only fair—38.1 percent did so in 1981 compared with a considerably lower 25.8 percent in 1984.

**The Gallup Monitor of Eating Away from Home* is conducted monthly and tracks trends in eating out behavior for the U.S. population. Telephone interviews are conducted with approximately 1,000 adults 18 years of age and older. Respondents are asked to report all meals eaten at a restaurant, fast food establishment or any other place where food was purchased, such as a lunchroom or cafeteria at work or school on the previous day. Specifically, individuals are asked to report on which day of the week the visit occurred. The interviewing for NRA's value question took place between November 30 and December 20, 1981 and between June 4 and June 17, 1984.

Price/value ratings by restaurant type
1981 versus 1984

Value of meal	Family		Fast Food		Atmosphere	
	1981	1984	1981	1984	1981	1984
Excellent	24.2%	23.6%	9.8%	8.9%	21.0%	14.7%
Good	44.5	46.8	34.7	47.3	37.0	48.5
Fair	25.8	18.9	41.5	31.8	32.0	26.5
Poor	5.5	6.0	14.0	10.5	7.0	0.0

Family restaurants—most highly rated for price/value . . .

Invariably, customers rate some types of restaurants higher than others on the price/value scale. For example, family restaurants are by far the most highly rated. In addition, there has been a slight increase in the percentage of those rating meals at these establishments as excellent or good, 70.4 percent in 1984 versus a lower 68.7 percent in 1981.

Atmosphere restaurants are also highly rated. In 1981, 58.0 percent reported that their recent meal at an upscale eating place was an excellent or good value; and in 1984 the proportion was a higher 63.2 percent. More significantly, in 1981, 7.0 percent reported the value of the meal was poor; and in 1984 no one rated the price/value relationship as poor. This shows that many owners of atmosphere/speciality restaurants have hit upon a good formula for making their restaurants a success.

Lowest rated in terms of price/value are fast food restaurants. However, the price/value perception for these establishments is on the rise. Fewer than half (44.5 percent) gave an above average price/value rating to fast food places in 1981, but in 1984 more than half (56.2 percent) did so.

Although consumers who frequent fast food restaurants may not feel that they get the best value for their money, they do appreciate its convenience. They trade off value for quick service and the ease of not having to prepare their own meal. In addition, owners and managers of quick service establishments have worked to improve the overall value of their meals by expanding menus, upgrading decor and keeping menu price increases to a minimum.

More men give high price/value ratings . . .

Although in the past women generally have given higher price/value ratings than men, this pattern is now changing. The number of men reporting their recent restaurant meal was an excellent or good value has increased about 10 percentage points since 1981, from 54.2 percent to 63.5 percent in 1984.

The surge in men giving an excellent or good rating could be the result of their having a greater appreciation of the value of dining away from home. With increasing numbers of single males and husbands with working wives, men have begun to take on more responsibility for various household chores, such as grocery shopping and meal preparation.

In the past few years women have become more value conscious and now tend to be more critical of the price/value relationship of many goods and services, including restaurant meals. This may help explain why women rated the value of their most recent meal slightly lower in 1984 than in 1981. Sixty-five percent reported the meal was an excellent or good value in 1981 versus 63.4 percent in 1984.

The number of men and women giving a rating of fair has decreased since 1981. Thirty-five percent of the men gave a fair rating in 1981 compared with 25.2 percent in 1984. The corresponding proportions for women were 27.4 percent and 22.0 percent. The decline in fair ratings is due to stronger convictions about the value of a meal.

Older adults have greater price/value satisfaction . . .

Age influences how consumers view the price/value relationship of a meal. For example, people aged 50 years and older tend to have higher price/value perceptions regarding restaurant meals than individuals from other age groups. In 1981, 64.5 percent of this age group gave either an excellent or good value rating to their recent meal, and in 1984, 68.0 percent did so.

Because older consumers tend to eat out infrequently, they perceive eating out as a "treat" and are more likely to give a higher rating. However, the number of people in this group giving a poor rating has increased slightly from 4.0 percent in 1981 to 6.1 percent in 1984.

The 18 to 24 age group is least likely to give a high

Price/value ratings by age
1981 versus 1984

Value of meal	18 to 24		25 to 34		35 to 49		50+	
	1981	1984	1981	1984	1981	1984	1981	1984
Excellent	3.4%	14.0%	14.9%	21.0%	27.6%	16.9%	28.3%	19.8%
Good	40.5	41.4	45.2	49.7	32.8	40.4	36.2	48.2
Fair	33.2	27.4	35.6	17.4	29.2	30.9	31.5	20.8
Poor	20.0	12.1	4.3	10.8	9.6	6.2	4.0	6.1

Price/value ratings by sex
1981 versus 1984

Value of Meal	Total respondents		Men		Women	
	1981	1984	1981	1984	1981	1984
Excellent	20.0%	18.1%	16.0%	15.6%	25.6%	21.1%
Good	38.5	45.3	38.2	47.9	39.0	42.3
Fair	31.6	23.7	34.6	25.2	27.4	22.0
Poor	9.0	8.5	9.7	8.1	7.9	8.9

rating. However, since 1981 their level of satisfaction has improved. In 1981, 43.9 percent rated restaurant meals as a good or excellent value, compared with a significantly higher 55.4 percent in 1984. The improved economy has helped this group. They now have more money to spend and are less fearful about losing their jobs. These factors have probably contributed to the group's improved perception of the value of restaurant meals. This trend can also be seen in the decrease in the number of 18 to 24 year olds reporting the value of their recent restaurant meal was poor. In 1981, 20.0 percent gave such a rating, but in 1984 only 12.1 percent did so.

Noteworthy is the significant increase in the proportion of 25 to 34 year olds stating the value of their recent meal out was excellent or good—from 60.1 percent in 1981 to 70.7 percent in 1984. However, this group has also reported that more meals were a poor value. In 1981, only 4.3 percent rated their most recent meal as a poor value, but in 1984, 10.8 percent gave their most recent restaurant meal a poor rating.

Restaurant owners are on the right track . . .

There are many factors that affect a consumer's perception of the price/value relationship of dining in a restaurant. Important to note is that overall satisfaction has increased since 1981. This upward trend shows that an improved economy, moderate inflation and restaurant owners and managers who are more adept at providing the type of dining out experience consumers demand all influence the value perception of restaurant meals. By applying these findings to their own operations, restaurant owners can further increase customer satisfaction.

Price/value ratings by meal period
1981 versus 1984

Value of meal	Breakfast		Lunch		Dinner	
	1981	1984	1981	1984	1981	1984
Excellent	22.7%	23.3%	18.9%	15.8%	20.3%	21.2%
Good	53.6	47.9	32.9	44.9	40.9	46.0
Fair	18.2	26.0	38.1	25.8	27.8	19.0
Poor	5.5	4.1	9.5	7.8	9.6	9.9

Review

Fall and Winter holidays 1983

by Susan Adelman

As the cold winter months approach, many restaurateurs are starting to prepare for some of our most exciting holidays: Thanksgiving, Christmas Eve, Christmas, New Year's Eve and New Year's Day.

This article focuses on these fall and winter holidays, using information from the CREST Diary Panel for the years September 1976 through August 1983.* Because the study ended in August, the most recent data available for each of these holidays, except New Year's Day, are from 1982. For a review of the spring and late spring and summer holidays, please refer to the February 1984 and April 1984 issues of ***NRA NEWS.***

Thanksgiving

Thanksgiving is traditionally associated with pilgrims, turkey dinners and pumpkin pie. It is also a time for families to reunite.

Most families prefer to stay home to enjoy a traditional meal. Since 1977, only about one in 10 families has reported dining away from home on Thanksgiving.

REVIEW:
Thanksgiving Day 1982

- Only eight percent of the respondents reported dining out on Thanksgiving in 1982. This is the second *least* popular holiday for eating out.
- The average per person check was a relatively high $4.09. Dinner is a popular meal for Thanksgiving patrons and accounts for the higher check average.
- Few people used a promotion to bring down the cost of the meal—slightly less than 13 percent used some kind of promotional deal. (Although this is higher than the all-industry average promotion usage, it is lower than deal usage for most holiday occasions.)
- Three-fourths of the parties dining out were adults only, typically in the 35-to-64 age range.
- Fast food and family restaurants had more than 61 percent of the traffic, and lunch and dinner were the most popular meals.

Christmas Eve

Last minute shopping, wrapping presents, decorating the tree and putting out cookies and milk for Santa are typical Christmas Eve activities. Many establishments close their doors on this holiday to partake in these festivities.

Some operations remain

** Readers should note that the CREST information included here is based only on data for families; it does not include singles. The proportion of families eating out on the holidays means that one or any combination of family members ate out. It does not necessarily mean that the family ate out as a group. Also, the information is for all meal and snack occasions on the particular holiday. It does not mean that the family member(s) ate out for the main meal or ate out specifically to celebrate the holiday. In addition, the day of the week on which a specific holiday falls may influence the results.*

open, however. Over the last six years the number of families that have chosen to eat out on Christmas Eve has averaged around 14 percent. Additionally, an increasing number of people have taken advantage of the special deals many restaurants offer. In 1977 those dining out used promotions only about three percent of the time, while in 1982 they were used 13.2 percent of the time.

REVIEW:
Christmas Eve 1982

- Almost 15 percent of the families ate out on Christmas Eve.
- For those eating out, dinner was the most popular meal with 46 percent of the occasions involving the evening meal.
- The average per person check was $2.88. Diners took advantage of special deals at more than one in 10 visits.
- More than 64 percent of those dining out were parties of adults only. (Christmas Eve is a family-oriented day, and many families with children may prefer to stay home in order to be together.)
- Fast food and family type restaurants were frequented most often.

Christmas

Christmas is a day set aside for family and friends as evidenced by the small number of people who eat out on this holiday. Some of this is very likely due to the fact that many restaurants are closed on Christmas.

For those who do choose to eat out on Christmas, the average per person check was among the highest for all holidays.

REVIEW:
Christmas 1982

- Only 3.7 percent of families dined out on December 25, 1982, making this the least popular of all the holidays for dining away from home.
- The average per person check in 1982 was $5.60—the highest per person check of all the holidays. One reason this figure is so high is that most people choose to dine at family and atmosphere/specialty restaurants on Christmas.
- Of those parties dining away from home on Christmas, 60.7 percent consisted of adults only. For the most part, these adults were 35 to 65 years old.
- Restaurant patrons used some kind of deal on 10 percent of the occasions.

New Year's Eve

New Year's Eve brings to mind parties, streamers and champagne to help toast the New Year. Many Americans celebrate this festive occasion by dining out. Over the last six years more than one in five families has eaten out on New Year's Eve each year. In addition, on 10 percent of the dining occasions, restaurant patrons used some kind of deal.

REVIEW:
New Year's Eve 1982

- New Year's Eve is the third most popular holiday for dining out, eclipsed only by Mother's Day and St. Patrick's Day. In 1982 almost one in four respondents ate out on New Year's Eve.
- The average per person

Ways to promote fall and winter holidays

Thanksgiving

- Offer a traditional Thanksgiving meal aimed at those who don't want to cook a big dinner.
- Give a prize to the person who brings in the best stuffing recipe.
- Feature special discounts for senior citizens since many are not able to spend this special day with their families.

Christmas Eve

- Decorate the restaurant in red and green. Place red candle centerpieces on each table and hang holly around the room.
- Arrange to have Santa Claus come in to take any last-minute orders.
- Plan a grab bag for children so they can select a stocking stuffer gift as they leave the restaurant.

Christmas

- Offer a buffet from which customers can select a variety of traditional Christmas dishes, such as plum pudding.
- Give each child free Christmas cookies or gingerbread men and hot chocolate for dessert.
- Instead of after-dinner mints hand out candy canes to customers as they leave.

New Year's Eve

- Decorate your operation with balloons, streamers and banners.
- Offer couples a special deal—two dinner entrees for the price of one.
- Supply a bottle of champagne, horns and hats to diners or offer these items at a special price.
- Give a theme party. You can ask every one to dress as their New Year's resolution or the way they think people will dress in the year 2000.

New Year's Day

- Feature a special brunch with a nonalcoholic punch.
- Sponsor a trivia contest about past New Year's Days. Give the customer who answers the most questions correctly a meal on the house.
- Offer a New Year's Day special. Any customer eating in your restaurant receives a coupon giving him or her a free dessert at another meal in the month of January.
- Offer a special nonalcoholic New Year's drink for only 85 cents.

check was $4.12, the second highest average among the holidays. Eleven percent of the meals involved special promotions.

- Not surprisingly, more than 73 percent of the diners were adults without children.
- Dinner was the most popular meal to eat out on New Year's Eve, and many chose to dine in atmosphere/specialty restaurants. Traffic was particularly heavy at fast food restaurants probably due to heavy lunch traffic.

New Year's Day

After a long night of parties and celebrations, many families prefer to stay home on New Year's Day. They take time to relax, make resolutions concerning the new year and watch festive parades and football games. On the average, only one in 10 families has eaten out on January 1 each year since 1977. One reason is that many restaurants are closed.

REVIEW:
New Year's Day 1983

- Just over one in 10 families ate out on New Year's Day in 1983. This reflects the large number of people who prefer to stay home as well as the number of restaurants that are closed.
- To eat out on New Year's Day in 1983 cost restaurant patrons $3.48 on average, slightly more than the average cost of eating out for most holidays.
- Families used promotions only 10.5 percent of the time.
- Slightly more families take children out to eat on New Year's Day than on other holidays. One in four families had children with them in 1983.
- Fast food and family type restaurants account for 62 percent of the traffic. Dinner and lunch were the most popular meals.

Report Summary:

A new way to analyze your customers

Traditionally, restaurant markets have been examined using demographics and psychographics. However, studies have indicated that these "people" characteristics are not very helpful in explaining why someone chooses a specific restaurant. The reason is that selecting a restaurant is very different from purchasing consumer products, such as shampoo or laundry detergent. While consumers purchasing detergents are generally loyal to a particular brand, restaurant customers visit many different restaurants. Individuals choose different eating establishments depending on the circumstances and their needs. For example, the same person has different needs when

- Taking a quick bite to eat with a colleague.
- Shopping with the family and
- Enjoying a romantic meal with his or her spouse.

This person, unless he or she is very unusual, will select a different restaurant for each occasion.

In a recent survey, NRA questioned respondents about all their restaurant visits in a given week. Specifically, interviewees were asked why they ate out and the characteristics of the restaurant visited. (Only sit-down restaurant visits were examined.) Additional information on each occasion, such as type of restaurant, check size, party size and meal, was also obtained. The analysis then classified the restaurant occasions according to the needs that customers associated with each visit.

Seven occasion types were identified

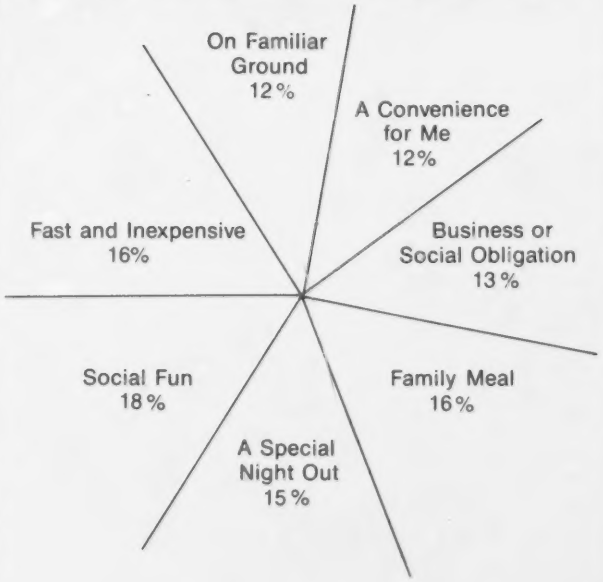
- Fast and Inexpensive
- On Familiar Ground
- A Convenience for Me
- Business or Social Obligation
- Family Meal
- A Special Night Out and
- Social Fun.

The accompanying chart shows the distribution of these occasion types or segments.

The complete report, *Consumer Restaurant Behavior: A View Based on Occasion Segmentation*, describes in detail all these occasion segments. In particular, information on the type or types of restaurants associated with each occasion is given along with certain restaurant characteristics and the average check size.

In addition, a chapter of the report is devoted to explaining how restaurateurs can evaluate their own businesses using the occasion segmentation approach, and how they can explore viable alternatives for expanding their businesses to capture a greater share of traffic and sales.

Distribution of occasions by occasion type


On Familiar Ground 12%
A Convenience for Me 12%
Fast and Inexpensive 16%
Business or Social Obligation 13%
Social Fun 18%
Family Meal 16%
A Special Night Out 15%

Source: *Consumer Restaurant Behavior: A View Based on the Occasion Segmentation Approach*, National Restaurant Association, October 1984.

How to order . . .

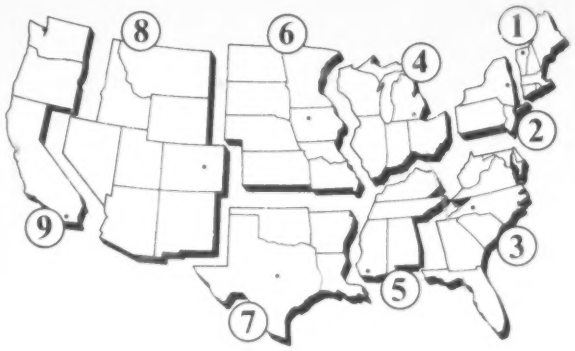
Consumer Restaurant Behavior: A View Based on Occasion Segmentation is now available for $25 (plus $2.50 shipping and handling) for NRA members and $50 (plus $5 for shipping and handling) for nonmembers. DC residents add 6 percent sales tax. Illinois residents add 7 percent sales tax. Chicago residents add an additional one percent—for a sales tax total of 8 percent.

To order, contact the National Restaurant Association, 311 First Street, N.W., Washington, DC 20001 or call 800-424-5156. Payment *must* accompany all orders. Credit card telephone orders are accepted. Please specify number CS 982 when placing your order.

How's business?

by Cecelia Niepold

Imagination is an important ingredient in the recipe for success. Whether it's by converting a car dealership into an eatery, using salvaged period furniture as decor or revamping an approach to wine sales, restaurateurs who use their imagination can successfully create their own special niche in the marketplace.



1 NORTHEAST

Location: Stowe, VT
NRA member: George Von Trapp
Operation: Trapp Family Lodge
Profile: Two lodges, a restaurant and tearoom
In business: 40 years
Seats: Restaurant: 200 Tearoom: 115
Meals served: Breakfast, lunch, dinner

Business in the Stowe area has been down five to 10 percent, due primarily to the depreciation of the Canadian dollar, which has made travel in the U.S. less attractive to Canadians.

Even so, the Trapp Family Lodge enjoyed a very good summer season, according to **George Von Trapp,** vice president.

The business has expanded significantly over the years. The family (the same Von Trapps depicted in *The Sound of Music*) first entered the hotel/restaurant business when they began taking in lodgers while running a music camp. Eventually, the operation evolved into a bed and breakfast establishment. Now the business includes two lodges, two restaurants that serve continental cuisine and emphasize Austrian dishes, a cross country ski center and guest houses that are offered on a timeshare basis.

2 MIDDLE ATLANTIC

Location: West Lanlake, NY
NRA member: Carol Philippi
Operation: The Old Journey's End
Profile: A continental restaurant in a 100-year-old inn
In business: 5 years
Seats: 75
Meals served: Dinner

"Business has been growing steadily since we opened and is running eight to 10 percent above last year," says **Carol Philippi,** owner of The Old Journey's End.

Philippi's restaurant, an old restored inn, is located in a tiny town (they got their first stoplight this year) eight miles east of Albany. Like some parts of New England, this area has also been affected by the decline in Canadian tourism. Business has not dropped off at The Old Journey's End, however, because the inn draws a lot of business from Albany.

The house specialty is duckling. Customers call regularly to check on the daily duck special, which varies according to the availability of seasonal fruits and vegetables and herbs. For instance, they harvest their own berries and feature a duck dish with wild elderberries.

3 SOUTH ATLANTIC

Location: Charlotte, NC
NRA member: Danny Royer
Operation: Hotel Charlotte
Profile: Restaurant/bar
In business: 5 years
Seats: 98
Meals served: Lunch, dinner

"Business is excellent!" says **Danny Royer,** owner of Hotel Charlotte which features American and Creole cuisine. The Charlotte area is growing substantially, thanks to its prime sunbelt location and an influx of new industries.

Several things make Hotel Charlotte unique. One is that Royer has recreated the atmosphere of an old speakeasy. Since many speakeasies built false fronts to camouflage their identity during prohibition, Royer has also disguised his entrance.

Another innovative feature at Hotel Charlotte is the Around the World Beer Club, which has more than 3,500 members. Interested patrons receive their own membership cards. These cards, which list 140 beers from around the world, are punched each time a customer tries a different beer.

Members can win a variety of awards, such as personalized mugs which are hung over the bar, after trying a certain amount of different beers. When customers sample 100 varieties, the restaurant gives a donation to a local charity.

4 EAST NORTH CENTRAL

Location: Detroit, MI
NRA member: Ben Edwards
Operation: Traffic Jam & Snug, Inc.
Profile: Casual restaurant offering sophisticated food
In business: 19 years
Seats: 210
Meals served: Lunch, dinner

The general economy in Detroit is about the same as last year, with perhaps a little improvement, says **Richard Vincent,** co-owner of Traffic Jam & Snug.

Vincent believes his restaurant is doing well because he and his partner, Ben Edwards, are constantly offering customers something new.

Originally, the restaurant sold over 30 wines by the glass, but bottle sales were very light. To increase bottle sales and spur customers to try new wines, they've developed their own wine retail center within the

restaurant. They now sell over 100 wines at retail prices and charge customers a minimal corkage fee. According to Vincent, customers will often experiment with a new wine, enjoy it and buy another bottle to take home with them. The restaurant has also installed a small retail bakery.

What's next? The partners are considering purchasing a smoker to smoke meats and dry vegetables. They may even start to make their own cheese.

5 EAST SOUTH CENTRAL

Location: Biloxi, MS
NRA member: Mary Mahoney
Operation: Mary Mahoney's Old French House
Profile: A restaurant in a restored 1734 house
In business: 20 years
Seats: 200
Meals served: Lunch, dinner

"Business is pretty steady," says **Mary Mahoney,** owner of Mary Mahoney's Old French House, which specializes in Creole, Southern and French dishes. Although she was somewhat disappointed in the lack of business generated by the World's Fair (only 80 miles away in New Orleans), the overall business during the summer was good.

The house dates back to 1734. It is now divided into various dining areas, which include a courtyard and a glass-enclosed sun room. The historic atmosphere has helped business.

The restaurant is particularly well known for its gumbo which is made with lump crabmeat, shrimp, okra (gumbo means okra in African), celery, bell peppers, onions, tomatoes and spices. "We've sent our gumbo all around the world," Mahoney says.

6 WEST NORTH CENTRAL

Location: Jefferson, IA
NRA member: Dale Washburn
Operation: The Bee Hive
Profile: A self-service establishment
In business: 8 years
Seats: 190
Meals served: Breakfast, lunch, dinner

The economy isn't very good in Jefferson, according to **Dale Washburn,** owner of The Bee Hive. "The agricultural business is depressed, and we're an agricultural town," he notes.

Jefferson is a small community of 5,000 people located in the north central part of Iowa. There are only about seven restaurants in town. Washburn believes his restaurant is surviving better than most because he offers quick service, reasonable prices and a menu that consists of a variety of quick-serve foods ranging from pork fritters to pizza burgers.

7 WEST SOUTH CENTRAL

Location: Austin, TX
NRA member: Kenneth Koock
Operation: Green Pastures 1888, Inc.
Profile: A restaurant in a converted mansion and a small chain of Mexican restaurants
In business: 40 years
Seats: Mexican restaurants: 200, mansion: 350
Meals served: Lunch, dinner

Kenneth Koock, co-owner of Green Pastures 1888 Inc. is very enthusiastic about business in Austin. He has good reason to be. His business is up 17 percent from last year, he's building a third Mexican restaurant and the economy in Austin is booming.

The business began when Koock's mother converted a stately old Victorian mansion into a restaurant, Green Pastures. It took almost 10 years to completely restore the building.

When Koock and his partner, Lee Buslett, decided to branch out, they chose to tackle the competitive Mexican restaurant market. To differentiate their concept, they offer an upscale atmosphere. There are two Tres Amigos in operation and another one under construction. "We can't get the new one open soon enough," Koock says.

8 MOUNTAIN

Location: Denver, CO
NRA member: Vic Weese
Operation: Zach's Munchkins, Inc.
Profile: Renovated restaurant
In business: 9 years
Seats: 300
Meals served: Lunch, dinner

"The economy's kind of a mixed bag right now," says **Vic Weese,** one of the three owners of Zach's Munchkins, Inc. Positive factors affecting Denver's economy include an increasing population and a growing high tech community. On the other hand, the oil boom has slowed considerably, which may hamper the area's growth. Zach's Munchkins, however, is expanding.

Weese and his partners started their business on a shoestring. Using second hand lumber, they renovated a rambling, old brick warehouse with big windows—the previous tenant was an auto dealership. Although the equipment they installed was used, their menu was definitely something new. They were one of the first restaurants in the Denver area to emphasize nutritional food.

Their new restaurant, Chesby's, which will open this fall, is also a renovation project. Located in the old bank lobby of a 1926 building, the restaurant creates a European coffeehouse atmosphere.

9 PACIFIC

Location: San Diego, CA
NRA member: Anthony Ghio
Operation: Anthony's Fish Grottos
Profile: Nine seafood restaurants
In business: 38 years
Seats: Average 135
Meals served: Lunch, dinner

"Although business slowed down during the Olympics, things are back on an upbeat track," says Anthony Ghio, chief administrative officer of Anthony's Fish Grottos.

Ghio's family has been in the seafood restaurant business since 1946 when they opened a small eatery on the San Diego waterfront with three tables and 18 stools. Now they have five family style operations, two fast food units, an upscale establishment and a theme restaurant—all serving primarily seafood.

Part of the company's success is due to its emphasis on quality control. The firm owns its own warehouse and seafood wholesale business, so it can track the quality of the seafood from the dock to the table.

FOOD FOR THOUGHT

Where's the passion?

You'd think a fruit called passion fruit would be seeping with erotic powers. Consumers might think so, too, judging from a passion fruit craze, which is sweeping Puerto Rico and could be headed for the United States. Passion fruit juices, yogurts, sauces and salads are causing quite a stir in San Juan, and exporters there are eyeing the U.S. mainland.

The fact is, though, that the only effect passion fruit is likely to have on passion is to reduce it. Consumption of the fruit lowers blood pressure. Passion fruit's extract, in fact, is sold as a tranquilizer in Puerto Rican pharmacies. In West Germany it is used to make sleeping pills.

Passion fruit got its name from Spanish missionaries who saw the

passion of Christ's crucifixion in the flower. But despite its lack of passion, the fruit has other qualities that should recommend it to American consumers; Puerto Rican doctors claim passion fruit dissolves fats, has lots of vitamins and keeps cholesterol down.

—The New York Times

From blowtorches to bouillabaisse

Apex Technical School in New York City has added a new course to its curriculum. In addition to classes in welding, air conditioning, refrigeration, auto mechanics and auto body repair, New York's best known trade school has opened a new division—the French Culinary Institute.

How does haute cuisine fit in with blowtorches and auto parts? "The discipline that goes into learning cooking is the same as that for learning welding," explains Apex Director Dorothy Cann, who opened the cooking school in March. Cann was inspired to open the school after eating a meal prepared by students at a similar school in Paris.

The French Culinary Institute at Apex covers all the basics in cooking—from stocks and sauces to pastries. The six-month course offers intense, no-frills instruction, preparing graduates for careers as professional French chefs. "Cooking is very much a creative profession," says Cann. "But at the same time it's a trade, and that's how you should learn it."

—The New York Times

Not for the unopinionated

"We provide information, and let people form their own opinions," says Linda Richardson, who with her sister Suzy has just published the first of four restaurant guide books.

Chicago's Dining hit the newsstands this summer. Coming soon are *Washington, DC's Dining*, due out in November, and *Manhattan's Dining* and *Los Angeles' Dining*, which will be published next year.

Linda Richardson says the 150-page Chicago guidebook, which includes more than 50 restaurants, includes menu reprints and atmospheric descriptions of each restaurant listed. Not included are critical evaluations of food or service.

The Richardson sisters spent $10,000 eating in more than 425 Chicago restaurants while doing their research. They ate out two or three times a day, visiting each restaurant at least twice. Linda Richardson says the successful sales of the first guidebook raised enough money to finance the rest of the series.

—NRA NEWS interview

Machine takes heat off pepper tasters

For pepper-tasters at McCormick & Co., a spice company, keeping cool on the job had been no small feat. McCormick's team of 30 tasters spent their days sipping "pepper tea," extracted from various peppers the company markets. Their reactions to the heat intensity of the tea was then measured, recorded and used as data for product manufacture.

Until recently, Marianne Gillette, a pepper-taster for McCormick, has invented a scientific pepper-testing device. The instrument, which Gillette says look like "a box with a bunch of dials" with flashing lights and charts flowing out one end, accurately measures the temperature of three heat components found in hot peppers.

The new machine has been welcomed by spice companies who find that human beings can render erratic judgments after their palates have been bombarded.

But human beings still have their uses. At McCormick, they work on regional preferences in pepper. And they were called in when a shipment of bird chilis from China measured 10 times hotter than the standard red pepper on Gillette's device. The parched tasters unanimously concurred with the machine's findings.

—The Wall Street Journal

Keep your customers safe, sound and returning to your establishment.

Help Prevent Drunk Driving

NRA's unique promotional materials can show you how

The American consumer—your customer—is concerned about the high incidence of drunk driving in this country. It makes good business sense for you to be concerned, too. The booklet, poster, coaster and table tents described below were developed to help you create a comprehensive alcohol awareness program of your own.

A Restaurateur's Guide: Help Prevent Drunk Driving

This guide will help you design an alcohol awareness program for your operation. It includes effective alternatives to give-away promotions, as well as information on alternative transportation for guests who have overindulged, designated driver programs, server education programs and two case histories of operations which have successfully conducted alcohol awareness programs.

PB905, 14 pgs., booklet, 1984, $1.10 members, $2.50 non-members

Table Tent: Know Your Limit

One side of this attractive, free-standing table tent provides a chart which offers guests some guidance in determining how much they can drink and still drive safely. It allows them to relate their body weight to the number of drinks consumed and estimate their blood alcohol content (intoxication level). The reverse side of the tent simply states, "Know Your Limit—Help Prevent Drunk Driving." The table tent matches the poster described below.

PB901, two-color, 4 × 5 inch table tent, 1984, set of 10 $2.50 members, $5.00 non-members

Poster: Know Your Limit

This poster/chart allows guests to relate their body weight to the number of drinks consumed to estimate their blood alcohol content (intoxication level). It promotes safe driving. The poster matches the table tent described above.

PB903, two-color, 8½ × 11 inch poster, 1984, set of 8 $2.00 members, $4.00 non-members

Coaster: Help Prevent Drunk Driving

This coaster, designed to look like a traffic information sign, subtly reminds customers that they can help prevent drunk driving.

PB904, two-color, drink coaster, 1984, set of 50 $2.50 members, $5.00 non-members

Table Tent: Friends Don't Let Friends Drive Drunk

This subtle, free-standing table tent simply states on both sides, "Friends Don't Let Friends Drive Drunk." An attractive graphic illustration of car keys being handed from one person to another completes the message.

PB902, two-color, 4 × 5 inch table tent, 1984, set of 10 $2.50 members, $5.00 non-members

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PB 902	Table Tent: Friends Don't Let Friends Drive Drunk			
PB 903	Poster: Know Your Limit			
PB 904	Coaster: Help Prevent Drunk Driving			
PB 905	Booklet: A Restaurateur's Guide			

Add all the items above *Total Retail Cost* _____

Discount—For purchases of 100 or more of the same NRA booklet, table tent, or poster, NRA offers a 20 percent discount off the total retail price.

Discount _____

Add the following items to your subtotal *Subtotal* _____

Tax—Washington, DC, residents must add 6% tax to their subtotal. Illinois residents must add 7% tax to their subtotal. Chicago, IL, residents must add an additional 1% making their total tax 8%.

Tax _____

Shipping & Handling—Minimum U.S. shipping/handling charge is $2.00; for orders over $20, add 10%. International orders, minimum shipping charge is $4.00; orders over $20.00, add 20%.

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